

City and County of San Francisco



San Francisco City and County
Employees' Retirement System

January 8, 1997

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RE: Analysis of Retirement Impact of Proposed Labor Union Ballot
Measure (Prop E)

Dear Mr. Heckart:

Somewhat belatedly, I am enclosing the material you requested in your letter of August 19, 1996.

In addition to the "official" analyses of July 9, July 26 and August 7 addressed to the Board of Supervisors and the Retirement Board, I have included the material that appeared in the Voters' Handbook and some additional pieces.

The measure was defeated on November 5 by a vote of about 72% to 28%.

Please call me at (415) 554-1585 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Kieran Murphy".

Kieran Murphy
Actuary

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City and County of San Francisco

San Francisco City and County
Employees' Retirement System



July 9, 1996

TO: John Taylor
Clerk of the Board

FROM: Kieran Murphy *Kam*
Actuary

RE: File No. 252-96-1. Collective Bargaining
Charter Amendment. (Supervisors Shelley,
Bierman)

The above proposed Charter Amendment would affect retirement benefits for San Francisco employees. This memo is intended to provide the cost and effect report on the proposal required by Section 8.500 of the Charter.

cc: Willie L. Brown, Mayor
Kevin Shelley, Chair, Rules Committee
Susan Leal, Supervisor
Tom Ammiano, Supervisor
Sue Bierman, Supervisor
Ed Harrington, Controller
Louise Renne, City Attorney
Harvey Rose, Budget Analyst
Margaret Kisliuk, Finance Director

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RETIREMENT SYSTEM REPORT ON COLLECTIVE BARGAINING CHARTER
AMENDMENT (FILE NO. 252-96-1)

DRAFT 16, dated 7/2/96

THE PROPOSAL

The retirement-related provisions of the proposal
(Attachment 1) are four-fold:

1. Bargaining of retirement benefits would be allowed:
 - City management would be required to meet and confer with regard to retirement benefits
 - the provisions of any resulting MOU will "... supersede any and all conflicting provisions of this charter ..."
 - if the City and employee representatives could not reach agreement, then a mediation/arbitration board would decide each disputed issue.
2. There would be some protection against risking the tax-qualified status of the Retirement System:
 - if retirement benefits were changed through the mediation/arbitration process, then the mediation/arbitration board would make a specific written finding with regard to any risk to the tax-qualified status of the Retirement System
 - in addition, the Retirement System actuary would have 10 days to certify as to whether the changes would present a risk to the tax-qualified status of the Retirement System; if the actuary were to determine that there is a risk to the System from a particular provision, then the parties and the mediation/arbitration board would re-bargain the provision and attempt to resolve the concerns raised by the actuary.
3. Police and Fire Tier 1 pension increases would continue to be based on active employee salaries as currently provided for in the Charter.

4. The current Charter requirement that the Board of Supervisors secure, through the Retirement Board, a cost and effect report on any proposed change in retirement benefits would no longer be in effect.

EFFECT OF THE PROPOSAL

Bargaining Retirement Benefits: The main retirement-related effect of the proposal would be to allow retirement benefits for San Francisco employees to be bargained rather than to require all retirement changes be approved by voters.

There are several reasons why this change might be considered appropriate:

- retirement benefits are an important part of total compensation
- not allowing retirement benefits to be bargained places a large handicap on the City and employees' ability to reach stable, mutually-beneficial agreements on wages and benefits

[the imbalance between San Francisco retirement benefits and those provided to most public employees throughout California has probably resulted in part from this prohibition; the long tortuous process involving groups of San Francisco safety employees transferring retirement coverage to CalPERS is another example of the drawbacks inherent in restricting the bargaining of retirement benefits]
- because of internal and external equity considerations, improving San Francisco Tier 2 retirement benefits is likely to become a key issue in employee/employer discussions over the next several years; it is more likely that the City will receive a reasonable *quid pro quo* for retirement benefit improvements through the bargaining process than through the Charter Amendment process
- there may be no other large public retirement plan in the country that require voter approval for amendment.

The current evidence indicates that the level of
activity is not related to any physical factor
and that the level is not related to any physical factor.

THE EFFECT OF THE FACTORS

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and that the level is not related to any physical factor.

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There are, on the other hand, some important potential negatives associated with the proposal:

- retirement benefits can be more costly and more permanent than changes in compensation and other benefits and, in the constrained time requirements of bargaining, it may be difficult to give far-reaching retirement proposals the careful analysis they need; changing retirement benefits through bargaining could therefore lead - more readily than through the Charter Amendment process - to poorly-thought out retirement benefit provisions that are costly and difficult to administer
- there would be no upper limit on retirement benefit levels that could be bargained or arbitrated
- there would be no requirement to relate bargained retirement benefit levels to prevailing levels for other public employees.

The last two drawbacks apply also to changing retirement benefit levels through the Charter Amendment process. They are noted here as limitations that might be considered desirable in this proposal.

On the other hand, practically every other public jurisdiction in the country has learned to deal sensibly with the increased flexibility and risks associated with the ability to bargain retirement benefits; San Francisco should be no exception.

Protection against risk of tax-disqualification: The protection proposed appears to be limited to changes deriving from decisions of the mediation/arbitration board and requires the parties/board to attempt to resolve issues raised by the actuary. If this reading of the proposal is correct, the protection should be extended to all changes in retirement benefits.

There probably is no problem in designating the Retirement System actuary as the individual responsible for reviewing the impact of retirement changes on the tax-qualified status of the Retirement System. However, a careful review would

generally require legal as well as actuarial analysis; the actuary should therefore be provided sufficient resources to carry out this task.

Current Method of Increasing Police and Fire Tier 1 Pensions to Continue: The Retirement System's legal advisors have regularly stated that it is not possible to change retirement benefit provisions in ways that would reduce pension increases for current retirees; this part of the proposal, therefore, simply provides added reassurance to retirees that their pensions will not be adversely affected by bargaining retirement benefits.

Cost and Effect Report of Changes in Retirement Benefits: The current Charter provision requiring a cost and effect report of any proposed change in retirement benefits would no longer be effective. A cost and effect report - from some reliable, objective source - is important to have available when considering retirement changes. Without such a report, bargainers, arbitrators and legislators would have no objective standard by which to evaluate retirement proposals. The provision of such a report should be a matter of course; it is a matter of judgement as to whether it should be required by the Charter.

COST OF THE PROPOSAL

The proposal is empowering only and therefore would not have any immediate significant cost impact on the Retirement System. There is no doubt, however, that, if the proposal were to be approved by voters, significant and costly retirement benefit improvements would be bargained. On the other hand, the bargaining of major retirement benefit improvements along with bargained concessions in wages and working conditions could provide the City with a more productive and better-planned workforce with no increase in overall costs.

DRAFT CHARTER AMENDMENT FOR
NOVEMBER 1996 BALLOT
(7/2/96)

The Board of Supervisors of the City and County of San Francisco hereby submits to the qualified electors of said city and county at an election to be held therein on November 5, 1996 a proposal to amend the Charter of said city and county by deleting sections 10.100, 10.101, A8.405, A8.409 through A.8.409-6, and A8.590-1 through A8.590-7, amending section A8.343, A8.403A, A8.404 and 11.100, and adding sections 10.106 and 11.102, to read as follows:

Section 11.100 (a) Declaration of Policy (new)

It is the policy of the city and county of San Francisco to support the exercise of the fundamental rights of its employees to self organization and designation of representatives of their choosing for the purpose of negotiating the terms and conditions of their employment. It is also the city's policy to ensure the efficient and effective provision of services to the people of San Francisco.

It is further declared to be the policy of the city and county of San Francisco that strikes by city employees harm the public interest and that a method for peacefully and equitably resolving labor disputes should be adopted in accordance with California Government Code Section 3507(e).

To further these goals and provide the Mayor and Board of Supervisors with the flexibility necessary to reform and improve the city's efficiency and ability to serve the people of San Francisco, the provisions of charter and charter appendix sections ~~8.400(1), 8.401, 8.401.1, and 8.407- 10.100-10.101, 12.200; 18.109-18.110; A8.329-A8.342; A8.344, A8.400-A8.402; A8.405-8.411; A8.440; A.8.450-A8.452; and A8.590-1-A8.590-7~~ shall be repealed in their entirety and the matters contained in those sections shall be subject to collective bargaining to the extent required by state law.

It is the further purpose and policy of the city and county of San Francisco that the procedures herein adopted, except as otherwise provided herein, shall supersede and displace all other formulae, procedures and provisions relating to wages, hours, benefits and other terms and conditions of employment found in this charter, in the ordinances and resolutions of the city and county of San Francisco, or in the rules, regulations or actions of boards or commissions of the city and county of San Francisco.

If any officer or employee covered by this part engages in a strike as defined by section A8.346(a) of this charter against the City and County of San Francisco, said employee shall be dismissed from his or her employment pursuant to charter section A8.345 and A8.346.

In accordance with applicable state law, nothing herein shall be construed to restrict any legal city rights concerning direction of its work force, or consideration of the merits, necessity, or organization of any service or activity provided by the City. The City shall also have the right to determine the mission of its constituent departments, officers, boards and commissions; set standards of services to be offered to the public; and exercise control and discretion over the city's organization and operations. The City may also relieve city employees from duty due to lack of work or funds, and may determine the methods, means and personnel by which the city's operations are to be conducted.

However, the exercise of such rights does not preclude employees from utilizing the grievance procedure to process grievances regarding the practical consequences of any such actions on wages, hours, benefits or other

terms and conditions of employment whenever memoranda of understanding providing a grievance procedure are in full force and effect.

It is the declared intent of the voters that the state statutes referenced in this part be those in effect on the effective date of this part.

Section 11.100 General
[Stet DT.15]

Section 11.102 Employer-Employee Relations Procedures (new)

par. (a) stet/including SFUSD and CCSF employees to extent permitted under state law.

par. (b) stet, timing issues, see also par. (k)

par. (c) stet

par. (d) stet

Par. (e) charter supersede

par. (f) stet

par. (g) Department heads may act as representatives of the city and county and, with prior written approval of the Mayor or his/her designee, meet and confer and enter into binding agreements with labor organizations on non-economic items within their authority under section 4.122 of the Charter, provided that such agreements do not conflict with a city-wide memorandum of understanding. Such memoranda of understanding shall be reduced to writing and shall come into full force and effect only upon approval by the mayor or his/her designee. Upon such approval, departmental memoranda of understanding shall be attached as appendices to the employee organization's city-wide memorandum of understanding.

par. (h) stet ?timing/conditions for declaring impasse?

par. (I) stet.

par. (j) stet.

par. (k) To be effective the beginning of the next succeeding fiscal year, an agreement shall be reached or the board shall reach a final decision no later than sixty days before the date the Mayor is required to submit a budget to the board of supervisors, except by mutual agreement of the parties; ~~Or with unanimous recommendation of arbitral panel~~ *or with unanimous recommendation of arbitral panel*

par. (l) delete final "to the extent deemed relevant" language. including a joint report to be issued etc. Compliance to be mandatory. also language dealing with actuary and retirement stuff. Written findings. In those cases in which the panel is presented with an unresolved dispute regarding retirement benefits, the board shall consider and make findings upon the question of whether the proposal presents a risk to the tax qual

10.106. COMPENSATION OF ELECTED OFFICIALS. (new)

Commencing in 1997, the Civil Service and Employee Relations Commission may adjust the salaries and benefits of all elected officials of the city and county of San Francisco as of July 1 of each fiscal year to reflect any upward change in the Urban Consumer Price Index as of the preceding January 1 for the year then ended, provided, however, that any increase in the salaries of elected officials pursuant to this section may not exceed 5%.

Section 11.100. GENERAL.

The Mayor or his/her designee and in consultation with the Board of Supervisors shall be responsible for meeting and conferring with recognized employee organizations regarding salaries, health, retirement and other benefits, working conditions, and other terms and conditions of employment to be embodied in memoranda of understanding.

Section 11.102. EMPLOYER-EMPLOYEE RELATIONS PROCEDURES.

(a) The city and county and labor organizations that are the recognized representatives of bargaining units of employees of the city and county and its departments, boards and commissions, and its Departments, Boards and Commissions, including employees of the San Francisco Unified School District and the San Francisco Community College District to the extent authorized by state law, shall have the mutual obligation to meet and confer in good faith and endeavor to reach agreement over all matters within the scope of representation under state laws governing municipal employer-employee relations, including, but not limited to, salaries, health, retirement and other benefits, working conditions, and other terms and conditions of employment.

(b) The city and county and its recognized labor organizations shall have the mutual obligation to exchange proposals for changes and additions to written memoranda of understanding over matters within the scope of representation no later than 120 days prior to the dates of expiration of such memoranda. The city and county and a recognized

labor organization that are not parties to a written memorandum of understanding over these matters shall have the mutual obligation to exchange proposals for a written memorandum of understanding no later than February 1 of each year and at any other time upon the request of either party. To be effective the beginning of the next succeeding fiscal year, an agreement shall be reached or the board shall reach a final decision no later than 60 days before the date the Mayor is required to submit a budget to the board of supervisors except by mutual agreement of the parties; provided, however, that by majority vote, for good cause shown, the mediation/arbitration board may extend the time for up to an additional 30 days.

(c) If agreement is reached by and between the duly authorized representatives of the city and county and the representatives of a recognized employee organization through the meet-and-confer process, they shall jointly prepare a written memorandum of understanding of the agreement, which shall not be binding, and present it to the Board of Supervisors at the next regular meeting

thereof for approval. The Board of Supervisors shall, during the next 30 days, accept or reject the proposed memorandum of understanding.

(d) Upon adoption of a resolution by the Board of Supervisors approving the proposed memorandum of understanding and upon ratification thereof by the membership of the employee organization or the completion of such other proceedings, if any, that may be necessary in order for the employee organization to also approve the proposed memorandum of understanding, it shall be binding on the city and county of San Francisco and on its departments, boards, commissions, officers and employees and on the recognized employee organization and all employees in the bargaining unit or units that are the subject of the agreement, and the Board of Supervisors shall enact appropriate ordinances authorizing payment of any compensation or benefits or other terms and conditions of employment so approved.

(e) The provisions of the memorandum of understanding shall supersede any and all conflicting provisions of this charter and of the ordinances and resolutions of the Board of Supervisors and the

resolutions, rules and regulations adopted by the city and county's departments, boards and commissions.

(f) In the event the Board of Supervisors fails to approve the proposed memorandum of understanding within 30 days, the parties shall be deemed for the purposes of this section to be at impasse on all matters contained therein.

(g) Department heads with the approval of, and in consultation with, the Mayor or his/her designee, may meet and confer and enter into binding agreements with labor organizations on non-economic matters within their authority under section 4.122 of the Charter, provided that such agreements are not in conflict with a memorandum of understanding. Such agreement shall be reduced to writing and, when executed by the department head and the labor organization, and with the approval of the Mayor, shall become binding. A copy of any such departmental MOU shall be filed with the Human Resources Department.

(h) In the event the duly authorized representatives of the city and county and a labor organization are unable to reach agreement on an issue or issues subject to the meet-and-confer process, either party may declare an impasse. When an impasse is declared by either party, or when the Board of Supervisors has failed to approve a proposed memorandum of understanding within 30 days of the presentation of the proposed memorandum of understanding at a regular meeting of the Board, the unresolved issue or issues shall be submitted to a three-member mediation/arbitration board. Each party shall select and appoint one person to the board within three (3) days after either party has notified the other, in writing, that it desires to proceed to arbitration. The third member of the board shall be selected by agreement between the parties and shall serve as the neutral chairperson of the board.

(i) In the event the parties cannot agree upon the selection of the chairperson within ten (10) days, either party may request the American Arbitration Association to provide a list of seven (7) persons

who are qualified and experienced as labor interest arbitrators. If the city and county and the employee organization cannot agree within three (3) days after receipt of such list on one of the seven (7) persons to act as the chairperson, they shall randomly determine which party strikes first, and shall alternately strike names from the list of nominees until one name remains and that person shall then become the chairperson of the board.

(j) The mediation/arbitration board may hold public hearings, receive evidence from the parties and, at the request of either party, cause a transcript of the proceedings to be prepared except that the board, in the exercise of its discretion, may meet privately at any time with the parties to mediate or mediate/arbitrate the dispute. The board may also adopt other procedures designed to encourage an agreement between the parties, expedite the hearing process, or reduce the cost of the mediation/arbitration proceedings, provided, however, that all hearings convened pursuant to this section shall be conducted

in conformance with, subject to, and governed by Title 9 of Part 3 of the California Code of Civil Procedure.

(k) It is the intent of this section that mediation/arbitration boards are to resolve disputes between the parties through negotiated agreements whenever possible and are to schedule their proceedings in accordance with the goal that disputes over issues requiring the appropriation of funds by the Board of Supervisors should be resolved no later 30 days prior to the beginning of the fiscal year in which such appropriation is to be made.

(l) In the event no agreement is reached prior to the conclusion of the mediation/arbitration proceedings, the Mediation/Arbitration Board shall direct each of the parties to submit, within such time limit as the board may establish, a last offer of settlement on each of the issues within the scope of representation as established by Government Code section 3504 which remain in dispute. The board shall decide each issue by majority vote and shall issue

written findings setting forth the basis for its selection of a particular last offer of settlement on each of the issues in dispute.

petition of negotiations and impasse procedures, the arbitration procedure shall cease immediately and no further impasse resolution procedures shall be required.

(b) Not later than January 20 of any year in which bargaining on an MOU takes place, representatives designated by the city and county of San Francisco and representatives of the recognized employee organization involved in bargaining pursuant to this part shall each select and appoint one person to the board. The third member of the board shall be selected by agreement between the city and county of San Francisco and the recognized employee organization, and shall serve as the neutral chairperson of the board.

In the event that the city and county of San Francisco and the recognized employee organization involved in bargaining cannot agree upon the selection of the chairperson within ten (10) days after the selection of the city and county and employee organization members of the board, either party may then request the American Arbitration Association or California State Mediation Service to provide a list of the seven (7) persons who are qualified and experienced as labor interest arbitrators. If the city and county and the employee organization cannot agree within three (3) days after receipt of such list on one of the seven (7) persons to act as the chairperson, they shall randomly determine which party strikes first, and shall alternately strike names from the list of nominees until one name remains and that person shall then become the chairperson of the board.

(c) Any proceeding convened pursuant to this section shall be conducted in conformance with, subject to, and governed by Title 9 of Part 3 of the California Code of Civil Procedure. The board may hold public hearings, receive evidence from the parties and, at the request of either party, cause a transcript of the proceedings to be prepared. The board, in the exercise of its discretion, may meet privately with the parties to mediate or mediate/arbitrate the dispute. The board may also adopt other procedures designed to encourage an agreement between the parties, expedite the arbitration hearing process, or reduce the cost of the arbitration process.

(d) In the event no agreement is reached prior to the conclusion of the arbitration hearings, the board shall direct each of the parties to submit, within such time limit as the board may establish, a last offer of settlement on the remaining issues in dispute. The board shall decide each issue by majority vote by selecting whichever last offer of settlement on that issue it finds by a preponderance of the evidence presented during the arbitration most nearly conforms to those factors traditionally taken into consideration in the determination of wages, hours, benefits and terms and conditions of public and private employment, including, but not limited to: changes in the average consumer price index for goods and services; the wages, hours, benefits and terms and conditions of employment of employees performing similar services; the wages, hours, benefits and terms and conditions of employment of other employees in the city and county of San Francisco; health and safety of employees; the financial resources of the city and county of San

Francisco, including a joint report to be issued annually on the City's financial condition for the next three fiscal years from the Controller, the Mayor's budget analyst and the budget analyst for the board of supervisors; other demands on the city and county's resources, including limitations on the amount and use of revenues and expenditures; revenue projections; the power to levy taxes and raise revenue by enhancements or other means; budgetary reserves; and the city's ability to meet the costs of the decision of the arbitration board. In addition, the board shall issue written findings on each and every one of the above factors as they may be applicable to each and every issue determined in the award. Compliance with the above provisions shall be mandatory.

(e) To be effective at the beginning of the next succeeding fiscal year, an agreement shall be reached or the board shall reach a final decision no later than sixty days before the date the Mayor is required to submit a budget to the board of supervisors, except by mutual agreement of the parties. After reaching a decision, the board shall serve by certified mail or by hand delivery a true copy of its decision to the parties. The decision and findings of the arbitration board shall not be publicly disclosed until ten (10) days after it is delivered to the parties. During that ten (10) day period the parties shall meet privately, attempt to resolve their differences, and by mutual agreement amend or modify the decision and findings of the arbitration board. At the conclusion of the ten (10) day period, which may be extended by mutual agreement between the parties, the decision and findings of the arbitration board, as it may be modified or amended by the parties, shall be publicly disclosed for a period of fourteen (14) days after which time the decision shall be final and binding. Except as otherwise provided by this part, the arbitration decision shall supersede any and all other relevant formulae, procedures and provisions of this charter relating to wages, hours, benefits and terms and conditions of employment, and it shall be final and binding on the parties to the dispute. However, the decision of the board may be judicially challenged by either party.

Thereafter, the city and county of San Francisco, its designated officers, employees and representatives and the recognized employee organization involved in the dispute shall take whatever action necessary to carry out and effectuate the final decision.

(f) The expenses of any proceedings convened pursuant to this part, including the fee for the services of the chairperson of the board, the costs of preparation of the transcript of the proceedings and other costs related to the conduct of the proceedings, as determined by the board, shall be borne equally by the parties. All other expenses which the parties may incur are to be borne by the party incurring such expenses.

(g) The impasse resolution procedures set forth in Section 8.409-4, or in any other provision of the charter, ordinance or state law shall not apply to any rule, policy, procedure, order or practice which relates or pertains to the purpose, goals or requirements of a consent decree, or which is necessary to ensure compliance with federal, state or local laws, ordinances or regulations. In the event the city acts on a matter it has determined relates to or pertains

to a consent decree, or which is necessary to ensure compliance with federal, state, or local laws, ordinances or regulations, and the affected employee organization disputes said determination, that determination or action shall not be subject to arbitration, but may be challenged in a court of competent jurisdiction.

(h) The impasse resolution procedures set forth in section 8.409-4, or in any other section of the charter, shall not apply to any proposal pertaining to the right to strike.

(i) Charter sections 8.590-1 through 8.590-11 remain in full force and effect; provided, however, that the wages and other economic benefits and compensation of all classifications and employees covered by these sections shall be frozen for the fiscal year 1995-96 at the rates in effect on June 30, 1994, except that wages and other economic benefits and compensation of all classifications of Airport Police shall be frozen for the fiscal year following expiration of the Memorandum of Understanding covering those classifications in effect on the effective date of this amendment.

(j) Subject to the election provisions of section 8.409-1, Charter sections 8.403 and 8.404 shall remain in full force and effect; provided, however, that the wages and other economic benefits and compensation of all classifications of employees covered by section 8.404 shall be frozen for the fiscal year 1995-96 at the rates in effect on June 30, 1994.

A8.409-5 RETIREMENT BENEFITS
Notwithstanding any other provision of this part, retirement and death allowances shall continue to be set and adjusted pursuant to Chapter Five of this Article.

However, death benefits and survivor allowances, retirement allowances, adjustments to retirement allowances and adjustments to contingent allowances payable by the retirement system and based on fiscal year 1991-1992 wages and salaries covered by charter section 8.407, shall be calculated for all employees covered by charter sections 8.401 and 8.407 based on the rates certified by the civil service commission to the board of supervisors as though the 1991-1992 salary schedule ordinance vetoed by the mayor had become law. No such payment shall exceed the maximum amount permitted by Section 415 of the Internal Revenue Code of 1986, as amended from time to time, or the maximum amount which would still permit the retirement system to preserve its tax-qualified status under Section 401 of the Internal Revenue Code of 1986, as amended from time to time.

A8.409-6 EMPLOYEE RELATIONS RULES

Within sixty (60) days of adoption of this amendment, the Mayor shall appoint a panel, which after consultation with all parties of interest, shall review the current employee relations ordinance and make recommendations to the Board of Supervisors for such changes as may be necessary to effectuate the purposes of this part.

Such changes shall include the creation of an employee relations board. The duties of the employee relations board shall include hearing and making determinations concerning unfair labor practice charges, disputes regarding representation matters, and unit determinations.

(Continued on next page)

In addition if an unresolved issue in dispute includes any change to the benefits, or benefit levels, provided by the County retirement system, the board shall make a specific written finding, based on the evidence presented to it, concerning whether the proposal selected by the board presents any risk to the tax-qualified status of the retirement system.

(m) After reaching a decision, the mediation/arbitration board shall serve by certified mail or by hand delivery a true copy of its decision to the parties. In any case in which the Board has selected a proposal which would change the benefits, or benefit levels provided by the retirement system, the board shall simultaneously, by certified mail or by hand delivery, provide a copy of the decision directly to the actuary for the County Retirement Board. The decision and finding of the board shall not be publicly disclosed until ten (10) days after it is delivered to the parties and, in cases involving changes to the retirement levels or retirement benefits, to the retirement board actuary.

During that ten (10) day period the parties shall meet privately, attempt to resolve their differences, and by mutual agreement may amend or modify the decision and findings of the board. Further, during that ten (10) day period the actuary of the retirement system shall issue to the parties, and to the board a certificate regarding whether the implementation of the modifications proposed by the board presents a risk to the tax-qualified status of the retirement system. In the event the opinion of the actuary is that the proposed modification(s) presents a risk to the tax-qualified status of the retirement system, he/she shall state the reason(s) for that opinion. In the event such a certificate is issued, the Mediation/Arbitration Board shall immediately re-assume jurisdiction over that aspect of the dispute, only, and shall direct the parties to immediately resume mediation and/or mediation/arbitration. Not later than ten (10) days after the issuance of any actuary report which identifies a risk to the tax-exempt status of the retirement system, if the

parties have been unable to reach agreement prior thereto, the board shall direct the parties to submit their last-best offers on those proposals which were the subject of the actuary's certification, and the board shall select that last-best offer on that proposal which, in the judgment of the board, most nearly conforms to those factors traditionally taken into consideration in the determination of wages, hours, benefits and terms and conditions of public and private employment, set forth in subsection (1) above, and which resolves the concern(s) raised by the Retirement Board actuary. In any case in which the Mediation/Arbitration Board is required to issue a decision after the rendition of a negative certification by the Retirement Board actuary, the earlier award of the board shall be deemed amended to include within it the revised provisions concerning retirement benefits or retirement benefit levels. The decision and findings of the board shall not be publicly disclosed until ten (10) days after it is delivered to the parties. During that ten (10) day period the parties

shall meet privately, attempt to resolve their differences, and by mutual agreement amend or modify the decision and findings of the board. At the conclusion of the ten (10) day period, which may be extended by mutual agreement of the parties, the decision and findings of the board, as they may be modified or amended by the parties, shall be publicly disclosed for a period of fourteen (14) days after which time the decision shall be final and binding. The decision of the board shall not be subject to challenge by either party except on the grounds set forth in section 1286.2 of the Code of Civil Procedure.

The impasse resolution procedures set forth in Charter section 11.102(h) through 11.102(m) shall not apply to:

- the San Francisco Police Department's crowd control policies;
- procedures relating to the processing and disposition of complaints handled by the Office of Citizens' Complaints;

- disciplinary procedures applicable to members of the ranks of the Fire and Police Departments of the City and County of San Francisco;

- actions taken by the City that are necessary to insure compliance with federal, state or local laws, ordinances or regulations, or that are mandated by the terms of a consent decree. In the event the City acts on a matter it has reasonably determined to be mandated by, or necessary to ensure compliance with, a consent decree, or in the event the City determines that certain of its actions are required to ensure compliance with federal, state, or local laws, ordinances or regulations and the affected employee organization disputes said determination, that determination or action shall not be subject to the impasse resolution procedures of this section.

- The "at will" employment status of employees within the Executive Management Bargaining Unit ^{and Management Unit} at the time of passage of this charter ammendment.

- the merits, necessity or organization of any service or activity provided by law or executive order.

- any proposal pertaining to the right to strike.

The arbitration procedures set forth in this part shall not be available to any employee organization that engages in a strike, unless the parties mutually agree to engage in arbitration under this section. Should any employee organization engage in a strike either during or after the completion of negotiations and impasse procedures, the arbitration procedure shall cease immediately, and no further impasse resolution procedures shall be required.

(n) The Board of Supervisors shall enact ordinances appropriating funds for and authorizing payment of any compensation or benefits or other terms and conditions of employment established by the decision of the mediation/arbitration board and it shall be the duty of all other officers and employees of the city and county and the recognized employee organizations to take any and all actions necessary to carry out and effectuate the board's decision.

(o) The expenses of any proceedings convened pursuant to this section, including the fee for the services of the mediator/chairperson of the mediation/arbitration board, the costs of preparation of the transcript of the proceedings, and other costs directly related to and incurred during the conduct of such proceedings, shall be borne equally by the parties. All other expenses which the parties may incur are to be borne by the party incurring such expenses, including attorney's fees, subpoena costs and other costs of the preparation and presentation of the case before the board.

(p) Unless and until an agreement is reached through bargaining between authorized representatives of the City and County of San Francisco and authorized representatives of recognized employee organizations for the employee classifications covered by this part, or a determination is made through the impasse procedures of this section, no existing wages, written terms or conditions of employment, fringe benefits, or

long-standing past practices for said employees shall be altered, eliminated or changed except in cases of emergency.

(q) Retirement and death allowances of retired members of the Police and Fire Departments which have heretofore been periodically adjusted pursuant to the provisions of this Charter in relation to the salaries of active employees shall continue to be adjusted in the same manner, except that said allowances shall not be less than said allowances would be if the salaries of the uniformed forces of the Police and Fire Departments continued to be set pursuant to Charter section A8.405 and adjustments in said allowances continued to be made pursuant to Charter section A8.559-6.

(r) It is the intent of this section that the Board of Supervisors is to have plenary authority to enter into binding agreements on all issues within the scope of representation subject to the meet and confer process applicable to municipal employer-employee relations. This section is therefore to be construed as a delegation to the Board of Supervisors of any and

all powers and authority otherwise granted by this Charter to other officers, employees, Boards and Commissions to the extent necessary for the achievement of those purposes. Further, it is the intent of this section that mediation/arbitration boards established pursuant to these provisions are to have plenary authority to make final and binding decisions on all issues within the scope of representation subject to the meet-and-confer process applicable to municipal employer-employee relations. This section is, therefore, to be construed as a delegation to such Mediation/Arbitration Boards of any and all powers and authority otherwise granted by this Charter to other officers, employees, Boards and Commissions to the extent necessary for the achievement of those purposes.

(s) Employee organizations representing bargaining units of employees in classifications covered by section A8.403 or A.8.404 of this Charter may elect to continue to have the compensation, conditions and benefits of employment for employees in those

bargaining units established pursuant to section A8.403 or A8.404, as applicable, or pursuant to the provisions of this section. Any election by such employee organizations to have the compensation, conditions and benefits of employment for employees in those bargaining units established pursuant to the provisions of this section shall be irrevocable.

Section 11.103. CIVIL SERVICE AND EMPLOYEE
RELATIONS DIVISION (new)

(a) There is hereby established a Civil Service and Employee Relations Commission of the City and County of San Francisco, consisting of five (5) members, appointed by the Mayor in the manner set forth hereinafter, which shall implement and administer the Employee Relations Ordinance of the City and County of San Francisco, as contained in Administrative Code section 16.200, et seq. and, as well, shall enforce the prevailing wage provisions of Charter section A7.204 and receive and adjudicate complaints alleging violations thereof. As well, the Commission shall assume the functions

presently performed by the Civil Service Commission of the City and County of San Francisco as it existed immediately prior to the adoption of this Charter amendment and subject to any modifications in the authority of said Commission by the enactment of any other Charter revisions in the November 1996 municipal election. The members of the Commission shall have experience and knowledge in the field of employee relations and personnel administration, including knowledge of prevailing wage principles and administration of a merit employment system, and shall reflect the interests of both management and labor on those subjects. At least three (3) of the members shall reside in the City and County of San Francisco, and they shall possess the integrity and impartiality necessary to protect the public interest as well as the interests of the County and its employees.

(1) One of the persons selected by the Mayor shall be designated as the Chairperson, and shall serve an initial term of three (3) years. Two (2) of the remaining Commission members shall be appointed for a two (2) year term, and the remaining two (2) shall be

appointed for a one (1) year term. Thereafter, the regular term of office for all members of the Commission shall be three (3) years. All members shall be eligible for reappointment.

(b) The procedure for filling a vacancy resulting from expiration of a Commission member's term of office, or any circumstance in which a member of the Commission resigns, or becomes disabled from serving on said Commission, shall be initiated at least thirty (30) days prior to the expiration of said term, or within thirty (30) days of the knowledge of the vacancy. Each member of the Commission shall hold office until his/her successor is appointed. If a vacancy occurs during a term of office, the appointee to that vacancy shall hold office for the remainder of the term and until his/her successor is appointed.

(c) The Commission shall meet regularly at least once each month and shall meet at other times upon the call of the Chairperson. Three (3) members shall constitute a quorum and the votes of three (3) members are required for action.

(d) A member of the Commission shall be removed by the Mayor, with the consent of a majority of the Board of Supervisors, for continued neglect of duties or malfeasance in office. A member of the Commission may be so removed only after he/she has first been given a written statement of the charges against him/her at least ten (10) days prior to the action being taken on the charges, and has had an opportunity to be heard in person or through counsel. If a member of the Commission is so removed, a record of the proceedings, including the charges and the action taken on them, shall be filed with the Clerk to the Board of Supervisors.

(e) The Commission shall have the following duties and powers:

(1) To determine in disputed cases or otherwise to approve appropriate employee representation units.

(2) To arrange for and supervise the determination of certified employee representatives for appropriate units by means of elections, or such other method as the Commission may approve with mutual consent of the parties involved. The results of such elections or

other approved representation determination procedures shall be certified by the Commission.

(3) To decide contested matters involving certification or decertification of employee organizations.

(4) To investigate charges of unfair employee relations practices or violations of the Employee Relations Ordinance, and to order such appropriate remedial action as the Commission deems necessary to effectuate the policies of said Ordinance, including, the issuance of cease and desist orders; provided, however, the Commission shall have no authority to order punitive or exemplary damages.

(5) To conduct investigations, hear testimony, and take evidence under oath at hearings on any matter subject to its jurisdiction.

(6) To administer oaths and to require the attendance of witnesses and the production of books and papers through the issuance of subpoenas.

(7) To issue revised recognition certifications of an employee organization in the event of a merger, amalgamation, or transfer of jurisdiction between two or more employee organizations.

(8) To certify, in appropriate cases by mutual agreement, a council of employee organizations as the majority representative of employees in an employee representation unit and to decide issues relating to such certifications.

(9) To delegate to one or more Commission members, employees, agents, or designated hearing officers, the power to conduct fact-finding hearings and to render proposed decisions to the Commission.

(10) To make recommendations to the Mayor and the Board of Supervisors concerning any necessary or desirable revisions to the Employee Relations Ordinance of the City and County of San Francisco.

(11) To employ independent counsel to advise it in consideration of the matters submitted and to petition the appropriate court to enforce the orders of the Commission.

(12) To enforce the prevailing wage provisions of Charter section A7.204, to investigate and adjudicate complaints alleging violations thereof, to issue cease and desist orders, to petition the appropriate court to comply with its orders and/or enjoin contractors or subcontractors from working on projects and to impose such fines or penalties as are appropriate, including the withholding of payments to contractors or subcontractors and/or barring contractors or subcontractors from bidding on subsequent contracts for an appropriate period.

Section 11.104 (new)

It is hereby declared to be the policy of the City and County of San Francisco to protect the exercise of the fundamental rights of its employees to self organization and designation of representative of their own choosing for the purposes of meeting and conferring

regarding the terms and conditions of their employment. It is also the City's policy to provide an effective means for reaching agreement on wages, hours, and other terms and conditions of employment between the City and its workers through good faith negotiations with recognized employee representatives regarding all matters within the scope of bargaining and representations as defined by state law, Government Code section 3500, *et seq.*

To further these goals and to provide the Board of Supervisors with the flexibility necessary to reform and improve the City's efficiency and effectiveness, the following Charter and Charter appendix provisions shall be repealed in their entirety and the matters contained on those sections shall be subject to collective bargaining to the fullest extent permitted by state law.

~~The following Charter appendix provisions shall be transferred in their entirety to the Administrative Code: [List] :~~

Effective the date of the adoption by the voters of these Charter amendments, all persons who shall become employed in, or shall be

promoted to, positions within the Management Executive bargaining
~~unit, as currently established,~~ **and Management Unit** shall be considered at-will, exempt

employees serving at the pleasure of the appointing authority. Further, upon the expiration of any memoranda of understanding applicable to employees occupying positions within the Management Executive bargaining unit as presently established, those employees shall become at-will exempt employees serving at the pleasure of the appointing authority, notwithstanding any contrary provisions which may be found in existing memoranda of understanding, letters of agreement, or other written agreements applicable to such positions.

Amend section 8.403 of the Charter by adding thereto a new subsection(g) to read as follows.

"(g) Notwithstanding any provisions of this Charter, including other subparts of this section, the Board of Supervisors may, after meeting and conferring with and reaching agreement with the employee organization certified as the representative for the

classifications of nurses governed by this Charter section, fix retirement benefits for each classification.

Amend section 8.404 of the Charter by adding thereto a new subsection 8.404(h) to read as follows and renumber the present subsection 8.404(h) as 8.404(i).

"(h) Notwithstanding any provisions of this Charter, including other subparts of this section, the Board of Supervisors may, after meeting and conferring with and reaching agreement with the employee organization certified as the representative for Municipal Railway operators, fix retirement benefits for platform employees and coach and bus operators."

Amend section A8.343 of the Charter by adding thereto the following (new):

Notwithstanding any provisions of this Charter, including this section, disciplinary procedures applicable to members of the ranks of the Fire or Police Department may be changed, modified or established by the Fire and/or Police Commission, after

meeting and conferring with the appropriate recognized employee organization pursuant to Charter section 11.102, but only after public hearings before the Board of Supervisors and/or the Police Commission.

City and County of San Francisco

San Francisco City and County
Employees' Retirement System



July 26, 1996

TO: John Taylor
Clerk of the Board

FROM: Kieran Murphy *Kieran Murphy*
Actuary

RE: File No. 252-96-1. Collective Bargaining
Charter Amendment. (Supervisors Shelley,
Bierman)

A Retirement System report dated July 9, 1996 was submitted on the above proposed Charter Amendment. Since that time, there have been substantial changes to the retirement-related portions of the proposal. This memo is intended to provide information on those changes.

cc: Willie L. Brown, Jr., Mayor
Kevin Shelley, Chair, Rules Committee
Susan Leal, Supervisor
Tom Ammiano, Supervisor
Sue Bierman, Supervisor
Ed Harrington, Controller
Louise Renne, City Attorney
Harvey Rose, Budget Analyst
Margaret Kisliuk, Finance Director

ADDENDUM TO RETIREMENT SYSTEM REPORT ON COLLECTIVE
BARGAINING CHARTER AMENDMENT (FILE NO. 252-96-1)

RETIREMENT-RELATED CHANGES TO THE PROPOSAL

The main changes to the proposal, from a retirement benefit perspective, are as follows:

- an actuarial report on the cost and effect of proposed retirement changes would be required
- no agreement affecting retirement benefits could cause the funded status of the Retirement System (or of the City's retirement account with CalPERS) to fall below 90%; there would also be a mechanism for grouping multiple agreements when assessing the impact on the Retirement System
- an additional cap on the level of retirement benefits that could be bargained would be the higher of:
 - o the average age factor, COLA and final compensation, taken item by item, of the CalPERS 2% at 50 Plan for State safety employees and the CalPERS 2% at 60 Plan for State Miscellaneous employees, or
 - o the average age factor, COLA and final compensation, taken item by item, of the safety and miscellaneous pension plans of the 10 largest cities in California.
- the Board of Supervisors has "full discretion" to accept or reject any retirement change
- changes would be implemented through a Board of Supervisors ordinance after the Board determines that the changes do not risk the tax-qualified status of the Retirement System and do not impose an unreasonable administrative burden on the Retirement System
- any changes that would deprive the Retirement System of its tax-qualified status would become immediately null and void.

EFFECT OF THE CHANGES

The changes appear to be designed to accomplish four objectives:

- to protect the tax-qualified status of the Retirement System
- to limit the cost to the City of retirement benefits that can be bargained
- to set upper limits on the key elements that go into determining retirement allowances, with those limits tied to retirement benefits that are prevalent in the California public sector
- to place the final decision on whether to implement retirement changes in the hands of City management.

It is a matter of judgement as to how well these objectives are accomplished. Some comments are as follows:

- With regard to the first objective, it is difficult to see how the tax-qualified status of the Retirement System could be better protected.
- With regard to the second objective, there are some extended comments below.
- The limits placed on the type of retirement benefits that can be bargained appear to be quite restrictive. However, a detailed analysis of retirement benefits provided by the 10 largest cities in California has not been done. It should also be remembered that the limits may change over time.
- With regard to the fourth objective, both the Board of Supervisors (who can simply reject any agreement) and the Mayor (who can veto a Board ordinance implementing an agreement) have considerable control over the retirement changes that can be bargained.

COMMENTS ON POTENTIAL COSTS

A key consideration with regard to the proposal is the impact it could have on City retirement costs. What happens to City retirement costs will, of course, depend on what benefits are bargained. Current City costs are outlined below, plus costs under what may be considered a "likely" scenario. In addition, some comments are added on "high cost" and "low cost" possibilities.

Current City Retirement Costs

Current retirement costs are approximately \$20 million per year. This cost is made up of an ongoing cost of benefits (Normal Cost) of about \$60 million per year and a temporary (15-year) reduction of \$40 million per year which amortizes a \$500 million surplus. After 15 years, if benefits are not increased and all of the Retirement System's funding assumptions are met, the cost will revert to the \$60 million level.

A "Likely" Scenario

A "likely" scenario may be that retirement benefits equal to the CalPERS 2% at 50 benefits for safety employees and the CalPERS 2% at 60 benefits for miscellaneous employees will be bargained. If that were to happen, then City retirement costs would increase to about the \$70 million level. This cost would be made up of a Normal Cost of about \$85 million, with a 15-year reduction of about \$15 per year due to amortization of a surplus of approximately \$190 million.

These costs do not take into account any offsetting reduction in retirement costs from bargained wage increases below the 4.5% projected level. Retirement costs could be reduced significantly from lower wage increases. For example, if employee wage increases were bargained at 3% for each of the next five years, then City retirement costs would be reduced by about \$20 million per year for 15 years.

In addition, the costs do not take into account possible offsets through future investment gains where the Retirement Fund achieves investment returns above the 8.25% projected level. (The retiree COLA proposal, if passed by voters in November would significantly reduce retirement cost reduction through future investment gains.)

Other Scenarios

It is possible to set up other scenarios, such as

- a "worst case" scenario where the funded status of the Retirement System drops to 90% from its current funded level, or
- a "no cost" scenario where bargained retirement benefits would not increase City retirement costs because of associated wage increases below the 4.5% projected level and continued investment earnings above the 8.25% projected level.

However, the former of these two scenarios does not appear to be a realistic possibility given the restrictions on the retirement benefits that can be bargained; the latter, while probably more realistic than the former, might paint too rosy a picture of retirement bargaining outcomes.



August 7, 1996

TO: Retirement Board
FROM: Kieran Murphy, Actuary *Km*
RE: Collective Bargaining Charter Amendment

The two Retirement System reports on the above proposal sent to the Board of Supervisors in July examined the proposal from the fairly narrow perspective of retirement cost and impact. This is the kind of issue, however, that needs to be analyzed from a broader viewpoint. I have made a few preliminary points along these lines in the pages that follow.

To summarize:

- the retirement cost limitations are real despite claims to the contrary; in practice, they will probably prevent any substantial increase in benefits above the CalPERS level
- increasing retirement benefits will likely increase City retirement costs even if the Retirement System continues to have a surplus as it probably will; focusing on retirement costs only, however, gives a misleading picture of the potential cost impact of the proposal - total compensation costs are what is important
- if there are significant compensation savings as a result of bargaining increased retirement benefits, then the compensation savings could easily outweigh retirement costs
- City employee wages are now arbitrable, with few controls on City compensation costs; giving the City the ability to trade better retirement benefits in exchange for reduced wage increases could result in an overall savings for the City, as well as addressing some serious internal and external equity issues in the retirement area.

COMPENSATION/RETIREMENT IMPACT OF THE COLLECTIVE BARGAINING CHARTER AMENDMENT

Limitations on Retirement Changes

The retirement portion of the Charter Amendment would allow retirement benefits to be bargained, subject to several limitations:

1. a cost analysis of proposed changes must be provided by the Retirement Board
2. retirement changes could not cause the funded status of the Retirement System to fall below 90%
3. bargained retirement benefits could not be better than the higher of
 - CalPERS' 2% at 50 benefits for safety employees, and CalPERS' 2% at 60 benefits for miscellaneous employees, or
 - the average of the key benefit factors for the retirement plans of the 10 largest cities in California
4. any retirement changes that adversely impacted the tax-qualified status of the Retirement would become null and void
5. the Board of Supervisors would have "full discretion" to accept or reject any bargained retirement changes; retirement changes would be implemented through an ordinance of the Board of Supervisors and therefore subject to veto by the Mayor.

The limitations appear to be both comprehensive and to put real restrictions on both the cost of retirement changes and on the levels of benefits that could be bargained. The limitations are considerably more restrictive than those imposed on any other large public retirement plan in California. The most important limitations, I believe,

are # 5 (which gives the Mayor and Board of Supervisors full control over implementing retirement changes), and # 2 and # 3 (which place limits on both the retirement costs that can be incurred and the level of retirement changes that can be made).

The Cost Limitations

Concerns have been raised about the effectiveness of the two cost limitations (# 2 and # 3), with claims that they only provide a "fig leaf" and could result in an unfunded liability of up to \$1.4 billion. Those claims are gross exaggerations, I believe.

Limitation # 2: This limitation would not allow bargained changes that would cause the Retirement System's funded status to decline below 90%. If the System were to go to the full 90% limit, then the unfunded liability would be a maximum of about \$600 million.

Limitation # 3: Limitation # 3, however, would prevent bargained retirement changes even remotely close to what it would take to reduce the funded status to 90%.

My reasons for saying that are as follows:

- Implementing CalPERS benefits would cause the funded status to fall to about 105% (if wages are bargained at less than 4.5%, the funded status will not even drop to that level)
- While only preliminary information is available on retirement benefits provided by the 10 highest California cities, it seems very likely that no increased benefits above the CalPERS level would be possible in the area of final compensation and only very limited increased benefits above the CalPERS level would be possible in the area of retirement age factors (some cities have multiple tier plans). Even in the area of cost of living adjustments, the maximum allowable increase under this limitation would probably be to the 2.1%-2.3% annual range. While moving COLA's to that level would have a significant cost, it would

only reduce the funded status of the Retirement System to about the 103%-104% level - and not even to this level if wage increases lower than 4.5% are bargained. I believe, therefore, that there is no realistic possibility of the Retirement System's funded status falling to even 100% because of retirement bargaining, never mind 90%.

Potential Impact of other Charter Amendments: Two other retirement-related Charter Amendments have been placed on the November ballot - 2% at 50 benefits for Firefighters and the retiree COLA proposal. If these two proposals were to pass, the main impact would be to narrow the scope of retirement benefits that could be bargained.

Overall Compensation/Retirement Costs of Increased Benefits

If, as I believe, CalPERS benefits approximates the upper limit of what is realistically possible under the proposal, then the overall costs/savings of going to this level of benefits are worth examining in some detail. If City employees are provided CalPERS benefits, then the overall cost to the City would be comprised of:

- a) retirement costs (about \$50 million per year for 15 years, then \$25 million per year)
- b) retirement savings from wage increases below 4.5% per year (the offset from Police and Fire wages for FY 96-99 has been calculated at \$5 million per year for 15 years; the offset for this year's Miscellaneous wage increases has not been calculated yet), and
- c) compensation savings, if any, from wage increases being lower than they would otherwise be.

The sum of a) and b) would very likely be positive; in other words, increased retirement benefits would lead to increased City retirement costs, despite offsets due to wages below

4.5% and the Retirement System continuing to show a surplus. However, City retirement costs make up a very small proportion of City total compensation costs (\$20 million out of about \$1.7 billion); therefore, even moderate compensation savings could far outweigh increased retirement costs. (See Attachments 1, 2 and 3 for a range of projections.)

There are two additional reasons why this proposal is best viewed from a total compensation perspective:

- City employee wages are now arbitrable, with few controls over the arbitrator's decision. Employee groups have argued for several years that wage levels need to reflect the fact that City retirement benefits are lower than for comparable public employees. Below-average retirement benefits may therefore already be a factor in bargaining and may cost the City significant amounts if taken into account in future arbitrator decisions on compensation.
- The City's total compensation structure is often portrayed as skewed, with wages above the average and benefits below the average provided to comparable public employees. If that is the case, then giving City negotiators the ability to better align both wages and benefits (with, as here, strict controls on the level of retirement increases) seems to be positive response to the problem. If the proposal does not go through, then the City may have won a small battle (keeping retirement costs low) but may have lost a larger war (the ability to provide the basis for a productive workforce with competitive wages and benefits).

ATTACHMENT 1

APPROXIMATE IMPACT ON TOTAL COMPENSATION

SCENARIO 1:

Retirement benefits increased to CalPERS levels
 Police/Fire wage increases at 3.5% instead of 4.5%. *
 Miscellaneous wage increases at 3.0% instead of 4.5%. *

	15-YEAR BASIS (\$ mill.)	LONG-TERM BASIS (\$ mill.)
Annual increased retirement cost, including reduction from surplus	50	25
Annual retirement cost reduction from wage increases:		
- Police/Fire	(5)	0
- Miscellaneous	(6)	0
Annual compensation savings (1.5% per year for three years)	(70)	(70)
	_____	_____
Approximate overall impact on City total compensation	(30)	(45)

* 4.5% is the average expected 1996 wage increase for large US employers - Towers Perrin 1996 survey. (Unionized employees usually receive higher wage increases than the average.)

APPROXIMATE IMPACT ON TOTAL COMPENSATION

SCENARIO 2:

Retirement benefits increased to CalPERS levels

Police/Fire wage increases at 3.5% instead of 4.5%. *

Miscellaneous wage increases at 3.5% instead of 4.5%. *

	15-YEAR BASIS (\$ mill.)	LONG-TERM BASIS (\$ mill.)
Annual increased retirement cost	50	25
Annual retirement cost reduction from wage increases		
- Police/Fire	(5)	0
- Miscellaneous	(4)	0
Annual compensation savings (1.0% per year for three years)	(49)	(49)
Approximate overall impact on City total compensation	(7)	(24)

* 4.5% is the average expected 1996 wage increase for large US employers - Towers Perrin 1996 survey. (Unionized employees usually receive higher wage increases than the average.)

APPROXIMATE IMPACT ON TOTAL COMPENSATION

SCENARIO 3:

Retirement benefits increased to CalPERS levels

Police/Fire wage increases at 3.5% instead of 4.5%. *

Miscellaneous wage increases at 4.0% instead of 4.5%. *

	15-YEAR BASIS (\$ mill.)	LONG-TERM BASIS (\$ mill.)
Annual increased retirement cost	50	25
Annual retirement cost reduction from wage increases		
- Police/Fire	(5)	0
- Miscellaneous	(2)	0
Annual compensation savings (0.5% per year for three years)	(27)	(27)
Approximate overall impact on City total compensation	16	(2)

* 4.5% is the average expected 1996 wage increase for large US employers - Towers Perrin 1996 survey. (Unionized employees usually receive higher wage increases than the average.)

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August 28, 1996

VIA FACSIMILE AND MAIL

Edward Harrington
Controller
City and County of San Francisco
875 Stevenson Street, Room 235
San Francisco, CA 94103-0910

Re: **Proposition E: Controller's Statement**

Dear Mr. Harrington:

I write as counsel to the San Francisco Police Officers' Association (POA), which represents more than two thousand employees of the City and County of San Francisco who would be directly affected by the passage of Proposition E, the proposed Charter amendment authorizing collective bargaining over the retirement and death benefits of San Francisco employees. I am also a registered voter of the City.

The printer's proof of the Ballot Simplification Committee's Digest of Proposition E and the Controller's Statement on "E," which I obtained last week from the Department of Elections, indicates that you have made no change in the text of the "draft" statement on this measure that you circulated at the end of July. The factual and highly prejudicial errors in the estimates your Statement contains regarding Proposition E are therefore particularly disturbing, since within days of the distribution of your July 31 letter addressed to Director of Elections Germaine Wong your office had solicited and received expert information clearly indicating that the Statement was, at best, "misleading."

This letter therefore serves as a demand that you meet your ministerial obligations under both the California Elections Code and the San Francisco Administrative Code to provide San Francisco's voters with a Controller's Statement on "E" that is impartial and accurate, and not misleading. Meeting this obligation will require revisions to the current Statement, for the reasons outlined below.

The sentence at the end of the second paragraph of your Statement states that the 90% funding requirement "would allow for benefits to be negotiated worth \$1.1 billion or approximately \$100 million per year in additional costs" (emphasis added). This wording is, at a minimum, misleading and inflammatory, and is probably fairly characterized as crossing the line from simply misleading to factually incorrect. The 90% provision does not "allow" such high benefits and costs; etc. use other

Edward Harrington
August 28, 1996
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constraints in Proposition E further cap the benefits, and the associated costs, to the average provided either through the state's PERS plan or among the ten other largest cities in California.

As your Chief Assistant Controller was informed several weeks ago by the actuary of the City and County Retirement System, applying the PERS average as a ceiling would limit annual additional retirement costs to a maximum of \$50 million for the first 15 years (dropping to \$25 million thereafter).¹ Since at least half of the other ten largest cities themselves have PERS plans, and the others that we know of have plans similar to those provided through PERS, the costs permitted through the ten-largest-cities alternative would not be much higher than those permitted through the PERS average, although precise estimates have yet to be developed. Thus, the "average PERS" provision (or a level very close to it) is what actually would determine the highest level that retirement benefits and costs could rise to in the years ahead, not the 90% funding safeguard.

On top of this, total costs attributable to Proposition E could realistically be lower, since where salaries, retirement benefits, and other economic items are all negotiated, both negotiators and arbitrators tend to trade off cost items so as to stay within an overall acceptable cost framework.²

I would anticipate your responding that the current Statement is not inaccurate because its third paragraph covers the PERS-average limitation. However, the third paragraph fails to make clear that the second limit "trumps" the first. In addition, while it is true at this time that the precise limit associated with the average among the other ten largest cities has not been determined, your office has received information from the actuary that makes clear that this maximum limit would be considerably closer to \$50 million than to \$100 million. Yet the final

¹ Moreover, the Chief Assistant Controller was also informed that the recent relatively low salary increases accepted by San Francisco's police and firefighters for the next three years will still further reduce the maximum additional costs of retirement benefits over the next 15 years, if Proposition E passes, to \$45 million.

² In fact, the POA's new agreement with the City incorporates a special early retirement program that would save the City approximately \$3 million in salary in exchange for \$300,000 in retirement contributions — a net \$2.7 million General Fund savings that the City will be able to realize only if Proposition E is approved, because it involves changes in current Charter provisions regarding retirement eligibility and benefit calculations.

Edward Harrington
August 28, 1996
Page 3

sentence of the third paragraph of the Controller's Statement on "E" completely fails to reflect this information, and could even be interpreted as leaving open the possibility that retirement costs under this cap might exceed \$100 million -- which is clearly not the case. Finally, of course, by the time the reader reaches the third paragraph, the damage has been done in the form of the \$100 million figure that concludes the second paragraph.

Polls have already been conducted indicating that, based on the analysis issued by your office, the public perceives that Proposition E will cost \$100 million a year, and that this perception is extremely damaging to the prospects for the measure's passage. Through the same polling, it has been established that when it is clarified to voters that the measure could not cost more than half this amount, they react far more favorably to the measure.

Thus, the current Controller's Statement on E is highly prejudicial. Furthermore, as indicated earlier, what is particularly disturbing is that you failed to revise this Statement even though your office had invited and received information and comments from the Retirement System's actuary clearly spelling out the problems and omissions in the July 31 version and its misleading nature.

As you are doubtless aware, as Controller, you have a statutory duty to provide a genuinely impartial, accurate statement that additionally is not misleading; the San Francisco electorate has a well established right to a fair election process and a particular need for accurate, impartial, fairly descriptive official analyses of the measures it will be voting on; and the state has a compelling interest in ensuring that officials materials in the voter pamphlet meet accepted standards of impartiality, accuracy, and fairness.

The POA will not be alone in demanding that you revise the Controller's Statement on "E" to comply with your obligation to the voters. There can be no serious doubt that the courts would grant an order that the Statement be revised, in light of its demonstrable inaccuracy, its demonstrable prejudicial effect, and your previous disregard of the very expert input that your office had invited. The POA urges that you make the necessary revisions voluntarily and within the next few

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August 28, 1996
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days, to avert the need for court action and avoidable inconvenience to officials and staff at the City's Department of Elections.

Please call me at your earliest opportunity about this urgent matter.

Very truly yours,


Vincent J. Courtney, Jr.

VJC:les

cc: Germaine Q. Wong,
Director of Elections
Al Trigueiro, SFPOA
Josie Mooney, Labor Council
Jim Ahern, Local 798
Vin Harrington, Esq.

COMMON SENSE AND RETIREMENT BARGAINING

Al Casciato

As a City employee (Police Captain, Mission Station), small business owner (member of the Chamber of Commerce), Retirement System member (Tier 1 member, and therefore with little to gain personally from retirement bargaining) and Retirement Board President, I believe I can view Prop E from a balanced perspective.

The most important things that need to be considered are:

Retirement bargaining is the norm

Retirement benefits are bargained just about everywhere else in the United States. The main difference between what goes on elsewhere and what Prop E would allow is that Prop E would impose strict limits on what could be bargained. The question then is: Is there some reason why San Francisco cannot do the same as other organizations and do it successfully?

Limited retirement bargaining is already going on in SF

Bargaining of *some* retirement benefits has been going on for years in San Francisco, under precisely the same process as proposed by Prop E: bargaining/arbitration, final approval by the Board of Supervisors.

For example, membership in the Retirement System was recently bargained (actually arbitrated) for over 2,000 "temporary" City workers, most of whom had been on the City payroll for several years. This change removed a major inequity for these employees and brought City retirement membership rules in line with those of other employers. *In addition -- because of the overfunded status of the Retirement System -- City costs were not increased. In fact, City retirement costs were decreased at the same time as benefits were increased for over 2,000 employees.*

Limitations on retirement bargaining:

The limitations that would be placed on retirement bargaining by prop E are real. Any fair-minded, knowledgeable person would have to agree with that. In practice, the limitations would prevent the bargaining of retirement benefits above the level provided to most California public employees.

The cost of Prop E:

Prop E costs need to be considered within the big picture of total City costs:

- o City employee costs (wages, benefits, other) amount to about \$1.7 billion per year. City retirement costs make up only 1% of that total; while the remaining 99% is now bargained and arbitrated -- with little or no limits on increases. Claiming that City costs must be controlled by not allowing bargaining of 1% of costs (especially when there are strict limits imposed on bargaining that 1%) does not make sense.
- o If retirement benefits are improved, then **retirement** costs will likely increase. However, the \$50 million cost stated in the newspapers is overstated; the \$100 million cost claimed by opponents is simply not possible given the limitations on retirement changes contained in the proposition.

The real increase in City retirement costs is likely to be far lower than \$50 million because of planned future reductions in retirement costs based on wage offsets and investment gains already in place.

- o *Far more importantly, if City wage increases can be bargained at lower levels because of retirement increases, then combined City wage and retirement costs could be much lower after bargaining increased retirement benefits.*

What is the alternative to retirement bargaining?

If retirement bargaining continues to be barred in San Francisco, then we can look forward to:

- o the continuation of inferior retirement benefits and increased employee dissatisfaction (Tier 2 employees are getting close to retirement age)
- o a renewed focus on bargaining wage increases (remember, wages are now arbitrable and it will be difficult for an arbitrator not to award higher wages than for comparable employees because retirement benefits are lower), and
- o constant distraction from providing effective and efficient public services.

When one looks at the City's overall compensation and benefit picture, there is no sensible alternative to retirement bargaining. It's as simple as that.



FRANCIS SPECKER/NEW YORK POST VIA AP

partment Tuesday amid a flurry of media attention.

he has not been y crime," Tubbs Jewell was coop- the search. ly, we welcome 's attorney, Wat- ticting that noth- would be found.

"Then this thing is going to be over," he said.

The blast killed one person and injured more than 100 people. A Turkish cameraman rushing to the scene of the bombing died of a

[See BLAST, A-12]

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say.

As much as 162,000 tons of granite plunged a third of a mile at more than 160 mph, according to new estimates by scientists with the U.S. Geological Survey. The rock broke from a cliff southeast of Glacier Point.

Labor plan could cost taxpayers \$50 million

The City could have to give hefty amount to pension fund, analysis says

By Erin McCormick
OF THE EXAMINER STAFF

Mayor Brown's labor-relations Charter amendment, rushed onto the November ballot after a four-hour haggling session at the Board of Supervisors, could cost taxpayers \$50 million a year, city documents say.

If voters approve the measure, a likely scenario would be for city employees to negotiate retirement changes that would increase The City's contribution to the pension system to \$70 million a year — up from the current \$20 million — according to an analysis by the caretaker of The City's pension fund.

The complex Charter amendment that supervisors placed on the ballot Monday would grant city workers' unions the right to negotiate retirement benefits, which now can be changed only by voters. The proposal is a sticking point for business leaders who fear it will drive up city taxes.

The amendment also would give

FDA OKs whooping cough vaccine

Has fewer side effects for infants

By Lauran Neergaard
ASSOCIATED PRESS

WASHINGTON — The Food and Drug Administration approved a long-awaited new whooping cough vaccine Wednesday that promises to be safer for millions of infants.

Connaught Laboratories' Tripe- dia beat out at least three competitors to become the first alternative protection for parents worried about side effects from current whooping cough vaccines.

Studies showed Tripedia was at least 80 percent effective at pre-

Mayor's labor plan could cost millions

Mid-level city management positions that now are protected by civil service rules. Some lesser-known provisions of the far-reaching measure also could affect everything from the wages paid by city construction contractors to the process of disciplining firefighters and police officers.

In his July 26 memo to supervisors, Kieran Murphy, the actuary of The City's \$7 billion retirement fund, said the measure's financial impact on San Francisco's retirement costs was a key consideration but would depend on what benefits were bargained.

Putting City against a wall

Supervisor Susan Leal, the only one of nine supervisors present Monday who voted against the charter proposal, said she feared the change could put city officials against a wall at budget time.

"Are we going to be stuck with a situation in upcoming budgets where we have to choose between increasing retirement benefits and losing health clinics?" Leal said.

Brown, who put the measure before the supervisors on behalf of labor, argued that it did nothing more than give city negotiators the flexibility to make the best deals possible in labor negotiations.

"This allows us to negotiate, that's it," he said, emphasizing that the proposal doesn't have any built-in costs.

He charged that those who oppose the plan were merely afraid to take the risks needed to change the City's "dysfunctional" systems.

"You know why the U.S. Constitution is such a wonderful document?" Brown said. "Because the nit-pickers were apparently shot."

Brown also defended the measure's politically tumultuous, eight-week drafting process, which business leaders have called a hijacking of the legislative system and many supervisors have admitted was extraordinarily confusing. Brown argued that the process, which included a whirlwind of hard-to-follow, last-minute amendments, was politics as usual for many places.

"This happens every day in

CHARTER CHANGES

If approved by voters, the labor-relations Charter amendment would:

- ▶ Give city unions the right to negotiate their retirement packages up to an amount equal to the average of pensions offered to workers in the 10 largest cities in the state.
- ▶ Allow as many as 455 managers to become "at will" political appointees, without civil service protection.
- ▶ Allow the Police and Fire commissions to give up the right to discipline their workers to an outside arbitrator.
- ▶ Abolish the Civil Service Commission and create a five-member Civil Service and Employee Relations Commission. The new board would take over the duties of the old commission, act as a watchdog for labor relations and enforce laws that require city contractors to pay workers the prevailing union wage.

SOURCE: Examiner staff

Washington; it happens every day in Sacramento; it even happens in Mississippi; the only place it doesn't happen is in San Francisco," he said. "This is what democracy is about. It's not clean. It's not pretty."

"One thing that is amazing about this City is that everybody screams about the need for efficiency and change — then when you make the proposal that represents efficiency and change, it becomes life-threatening to them," Brown said.

But downtown business leaders, who came out in force Monday to oppose the measure, charge that the supervisors hadn't fully examined the ballot measure's possible consequences.

"We're still trying to figure out what it means," said Doug Shorestein, president of the big business group called the Committee on Jobs. "There were a lot of amendments flying around and very little public sunshine on this."

In addition to its main provisions, the measure includes a number of little-talked-about changes to city government.

One section would abolish the Civil Service Commission, made up mostly of appointees of former

Mayor Frank Jordan, all of whom have time left on their six-year terms.

The commission would be replaced by a new body appointed by Brown. It would serve as an appeals board to decisions made by the Human Resources Department, plus have the added authority of acting as a watchdog over labor issues in city government.

This board also would be charged with the new responsibility of making sure that outside contractors for city projects pay prevailing union wages to their workers. The commission would even have the authority to award damages to workers who did not receive the prevailing wage.

Another provision would allow the police and fire commissions to give their authority to discipline workers to an outside arbitrator. With the exception of police misconduct, excessive force and discrimination cases that are heard by the Office of Citizen Complaints, final say in virtually all police disciplinary matters could be turned over to an outside party.

For Fire Department employees, who aren't covered by the OCC, all discipline could be taken out of the hands of Fire Commission members.

Pulling out of health plan

Subtleties in the wording also raise the possibility that unions could pull their members' money out of The City's health and welfare system and start their own health funds.

The possibility of controlling multimillion-dollar funds could be tempting to unions, but such a move would be devastating to the purchasing power of The City's health plans.

The city attorney has said she believes the measure's wording would prohibit such a raid on the health care system. Union officials say the wording would allow it, but they have no plan to start their own funds.

"This is not our intent," said Josie Mooney of the San Francisco Labor Council, who said it makes economic sense for workers to stay in The City's centralized health benefit plan. "The most important thing for The City and the workers is to provide the best possible coverage at the lowest possible costs."

AUGUST 26, 1996

S.F. labor measure: \$100 million cost?

City controller's
worst-case scenario
of mayor's Prop. E
disputed by backers

By Rachel Gordon
OF THE EXAMINER STAFF

Mayor Brown's labor-backed collective bargaining ballot measure could force The City to pay \$100 million more a year in retirement benefits, according to a worst-case scenario analysis by the city controller.

That would be almost twice as much as The City now pays out of the general fund for libraries, recreation and museums.

But backers of the measure said the prediction tells only part of the story. They say The City could

actually save money if voters approve Proposition E on the Nov. 5 ballot.

"Their numbers are the worst-case scenario and doesn't look at the entire compensation package," said Brown spokeswoman Kandace Bender. She said that if retirement benefits go up, salary increases will be kept lower than normal.

Kieran Murphy, actuary for The City's retirement system, paints a best-case scenario in which The City could actually save \$70 million a year if pay hikes are kept down. "This (proposal) is not an obvious giveaway," he said.

The controller's estimate was based on a 4.5 percent pay hike. Murphy's was based on a salary increase of 3.5 percent for cops and firefighters and 3 percent for the rest of the work force. Both also

[See LABOR, A-7]

Prop. E could cost S.F. \$100 million

rely on a healthy economy to keep the retirement system flush and The City's contribution relatively low.

"Based on what we've seen, we don't think that \$100 million a year would be improbable," Assistant Controller John Madden said Friday.

Final cost hard to predict

The actual annual outlay is unknown, since the new benefits would be subject to negotiation. However, the controller estimates a \$50 million to \$100 million boost in retirement benefits for city workers. The City now contributes approximately \$17 million a year to the employees' retirement fund.

But as there is no guarantee that retirement benefits for city workers will be improved, there also is no guarantee that City Hall will hold the line on salary increases. In either direction, the amount of money saved or spent is staggering.

The collective bargaining measure is expected to be one of the most fiercely fought political battles in years, with labor and most local elected officials lining up on one side and business interests — fearful that increased costs could turn into tax hikes — laying claim to the other. Jack Davis, who was Brown's mayoral campaign manager, will head the opposition cam-

paign to the mayor-backed measure.

Both sides have pledged money and a street army of campaigners to make their case.

In part, the measure would strip control of retirement benefits from the voters and make them part of contract talks at the bargaining table.

More control for the mayor

It also would give the mayor greater control over mid-level managers in city government, allow for the negotiation of health benefits, and change some disciplinary procedures for police officers and firefighters. In addition, the charter amendment would replace the Civil Service Commission with a new Civil Service and Employee Relations Commission that would enforce the law requiring city contractors to pay union wages.

The plan was written by the mayor's office and city workers' unions and placed on the ballot by the Board of Supervisors.

Although many supervisors expressed discomfort about moving the proposal forward, only one, Susan Leal, voted no. She still thinks it's a bad idea.

"If the controller's statement doesn't give people pause, I don't know what will," Leal said. "The City can pay for the increases but may have to cut essential services."

As for the argument that pay increases will be traded for retirement benefits, she said, "I'll believe it when I see it. Are you going to tell me that the unions aren't going to come in and ask for a salary hike?"

David Novogrodsky, business manager for Local 21 of the International Federation of Professional and Technical Engineers, the union for some 2,000 city workers, said the ballot proposal still has some safeguards to make sure The City doesn't jump blindly off the fiscal deep end by giving the Board of Supervisors authority to approve or reject the negotiated retirement packages.

has heard and reviewed arguments for and against these measures. Our views, as expressed in a series of editorials, are repeated on this page. A final recommendation: Be sure to vote.

Prop. A: Yes

The need for housing

HOUSING that is affordable to people of low and moderate incomes is an undeniable need in San Francisco. The City is one of the hardest places in the nation for workers in modestly paid occupations to pay the rent or finance a mortgage.

This is partly responsible for the fact that only half of the jobs in The City are held by San Franciscans — many are filled by commuters from more reasonably priced neighborhoods across the Bay.

So it makes sense, for reasons other than a humanitarian responsibility to residents of limited means, to put some public resources to work easing the shortage of affordable housing. Proposition A would do this.

The measure proposed by a unanimous Board of Supervisors would authorize the sale of \$100 million in general obligation bonds over the next five years (\$20 million a year), with 85 percent of the proceeds to back development of low-income housing. The remainder would subsidize down payments for low- and moderate-income, first-time home buyers. The city bonds aim at "leveraging" additional federal and private financing for housing programs.

City voters should say "yes" to Prop. A.

Prop. B: Yes

Rebuild the de Young

REBUILDING A beloved art museum badly weakened by earthquake damage would not ordinarily be a controversial issue. But San Francisco is not an ordinary town, and the ballot proposal for \$73 million in city bonding toward a new de Young Museum in Golden Gate Park has stirred up spirited opposition in a few quarters.

The need for drastic seismic upgrading of the museum is beyond question. Another serious shake like that of 1989 could bring parts of it down and endanger occupants and art works. But the high cost of thoroughly strengthening the present structure makes it more sensible to build anew. The amount of the proposed bond issue is the equivalent of paying to retrofit the de Young for safety; the museum's backers will have to raise additional funds from private sources for the new building.

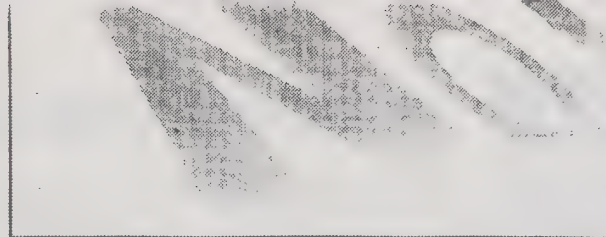
De Young II should make park lovers happy by occupying a slightly smaller "footprint" on park land, possible in part because the Asian Art Museum is moving to the Old Main Library at Civic Center.

Vote yes on Proposition B to give the museum and its treasures the safe, up-to-date home they should have.

Prop. C: No

An imprudent retirement bonus

PROPOSITION C is a harmless-looking measure that seeks to increase by 1 percent the cost-of-living allowances of retired city workers. The argument for this is that The City can afford it: Its Retirement



great an expenditure for a city that is trying to put its fiscal house in order.

It would be wonderful to give firefighters richer pensions. But it would be wonderful for The City to meet 1,001 other pressing responsibilities. And frankly, we don't think a pension of 70 percent of \$51,000 — or \$35,700 a year — is such a bad deal, especially when combined with other possible sources of income.

Reluctantly, we must advise voting no on Prop. D.

Prop. E: No

Back to the drawing board

WE SUSPECTED when it was being rammed through an uncomprehending Board of Supervisors that Mayor Brown's secretly conceived collective bargaining initiative might be bad news for San Franciscans. Now on the ballot as Proposition E, with a legal text covering more than eight densely printed pages in the Voter Information Pamphlet, it is almost as unpredictable in its possible effects as when the compliant board majority rubber-stamped it on deadline.

The measure's approval is urged by its backers mostly to bring about overdue improvements in city retirement benefits through collective bargaining — without the necessity of voter approval. Most pensions currently are set in the City Charter, to be changed only by the electorate, and are not covered by union negotiations.

The supervisors had no time to gauge the financial impact of the proposed change, but the city controller estimates it could cost The City \$50 million to \$100 million a year.

One provision of Prop. E would strip 350 management jobs of Civil Service status and make them subject to mayoral appointment and firing without cause. This can be seen either as a power grab by Brown or a chance to hire more competent administrators. The present Civil Service Commission would be replaced by a new Civil Service and Employee Relations Commission to be named by the mayor, with additional responsibility for enforcing prevailing-wage rules on city contracts. The Police and Fire commissions would be empowered to change certain disciplinary procedures without voter approval.

The individual provisions of E are not as obviously objectionable as the secretive way the deal was put together by the mayor and union representatives, without an opportunity for public feedback or timely examination of the consequences. Last year's City Charter reform was accomplished after exhaustive public meetings and commentary. Prop. E — another substantial Charter revision — is a product of back-door government, with a potentially staggering price tag.

The voters should say no to Prop. E.

Prop. F: Yes

Raise supervisors' pay

spending for advertising for and against these measures. Our views, as expressed in a series of editorials, are repeated on this page. A final recommendation: Be sure to vote.

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It's a mistake tions (1976 to 198 George Moscone moralistic Dan W they had double-c

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Prop. I: Yes

Bring in th

PROPOSITION bility for recr City's Police and those already in t City Charter am away from the Civ Resources Depart and Fire commissi

City Attorney that the change i highly specialized public safety agen This activity has federal court conse successfully challe nic minorities and

The old Civil Se in biases that exc and worked again courts required th ry test procedures

Employment Benefits and Practices

E

PROPOSITION E

Shall the Board of Supervisors, rather than the voters, approve changes in City employee retirement and health benefits and other Charter rules governing City employment?

YES
NO



Digest

by Ballot Simplification Committee

THE WAY IT IS NOW: Certain rules governing the City's employee and labor relations are set in the City Charter. These include:

- Most retirement benefits for City workers are set in the Charter.
- The Charter authorizes the Health Services Board to set health benefits for City employees.
- Certain disciplinary procedures used by the Police Commission and the Fire Commission are set in the Charter.

Under the Charter, the Civil Service Commission makes rules for the hiring and promotion of City employees. Members of this Commission serve six-year terms.

Under the Charter, many City employees who work as managers are hired under the civil service process and can be fired only for cause, such as poor performance or misconduct.

The Charter can only be changed by the voters.

PROPOSAL: Proposition E is a Charter amendment that would change certain rules governing the City's employee and labor relations.

- City employee unions could bargain with the City for changes in retirement benefits. Unresolved issues would be settled through arbitration. Changes in retirement benefits would be submitted to the Board of Supervisors, rather than to the voters, for approval or disapproval. The Charter would prohibit the City from approving changes that exceeded certain financial limits.
- City employee unions could bargain with the City for health benefits. Unresolved issues would be settled through arbitration. Changes in

health benefits would not require approval by the Health Services Board.

- The Police Commission and the Fire Commission could change certain disciplinary procedures without voter approval. Proposition E would not change the powers and procedures of the Office of Citizens Complaints. Voter approval would still be needed to change disciplinary procedures in police misconduct cases involving crowd control, serious injury or death, excessive force, or illegal discrimination.

The Civil Service Commission would be replaced by a new Civil Service and Employee Relations Commission. Members of the new Commission would serve three-year terms. The new Commission would perform the same duties as the old Commission. In addition, the new Commission would enforce the City Charter requirement that contractors for public works projects pay prevailing wages.

Some City employees who work as high-level managers would be hired outside the civil service process and could be fired without cause. The new Commission would decide whether other managers also could be hired outside the civil service process and could be fired without cause. These changes would not apply to the City workers who currently hold these management jobs.

A "YES" VOTE MEANS: If you vote yes, you want to make these changes in the laws governing employee and labor relations.

A "NO" VOTE MEANS: If you vote no, you do not want to make these changes.

Controller's Statement on "E"

City Controller Edward Harrington has issued the following statement on the fiscal impact of Proposition E:

In my opinion, the principal cost of this proposed charter amendment would come from allowing the City and employee unions to bargain over retirement benefits. As a result of this new authority, the cost of government could increase or decrease, depending on the outcome of future negotiations. However, it is likely that increased retirement benefits will be negotiated.

The proposal establishes two cost limits to what can be negotiated. One limit would require that the retirement system be at least 90% funded. Currently the retirement system has assets worth 109% of liabilities. The difference between 109% and 90% funding would allow for benefits to be negotiated worth \$1.1 billion or approximately \$100 million per year in additional costs.

A second limitation is that benefits cannot be negotiated which would be higher than certain state retirement plans or the average of some components of the plans in effect in the largest 10 Cities in California. Matching to the state plans would cost about \$50 million more per year than the City currently contributes. It is unclear how to calculate the average of the costs of plans in the largest 10 cities so the effect of this limit is unknown.

The City's contributions to the retirement plans are also dependent on salary increases and return on the investment of funds in the retirement system. To the extent salaries are increased less than a projected 4.5% annually or investment return is greater than 8.25%, the City's contribution would be lower than shown above.

Other proposed changes in this charter amendment would, in my opinion, have little or no direct impact on the cost of government.

How Supervisors Voted on "E"

On July 29, 1996 the Board of Supervisors voted 8-1 to place Proposition E on the ballot.

The Supervisors voted as follows:

YES: Supervisors Ammiano, Bierman, Brown, Katz, Kaufman, Shelley, Teng, and Yaki.

NO: Supervisor Leal.

ABSENT: Supervisors Alioto and Hsieh.

TEXT OF PROPOSED CHARTER AMENDMENT PROPOSITION E

The board of supervisors of the City and County of San Francisco hereby submits to the qualified electors of said City and County at an election to be held therein on November 5, 1996, a proposal to amend the charter of said City and County by deleting section 10.100, amending sections A8.343, A8.403, A8.404, A8.409-1, A8.409-3, A8.409-4, A8.409-5, A8.590-4,

A8.590-5, A8.590-6, A8.590-7, 11.100 and adding sections 11.103 and 11.104 so that the same shall read as follows:

NOTE: Additions or substitutions are indicated by **bold face type**; deletions are indicated by ~~strike out type~~.

Section 1. The San Francisco Charter is hereby amended, by amending section A8.343, to read as follows:

A8.343 FINE, SUSPENSION AND DISMISSAL IN POLICE AND FIRE DEPARTMENTS

Members of the uniformed ranks of the fire or the police department guilty of any offense or violation of the rules and regulations of their respective departments, shall be liable to be punished by reprimand, or by fine not exceeding one month's salary for any offense, or by suspension for not to exceed three months, or by dismissal, after trial and hearing by the commissioners of their respective departments; provided, however, that the chief of each respective department for disciplinary purposes may suspend such member for a period not to exceed 10 days for violation of the rules and regulations of his department.

Such member so suspended shall have the right to appeal such suspension to the fire commission or to the police commission, as the case may be, and have a trial and hearing on such suspension. Written notice of appeal must be filed within 10 days after such suspension and the hearing of said appeal must be held within 30 days after the filing of said notice of appeal. If the commission shall reverse or alter the finding of the chief, it shall in the case of a reversal and in other cases it may in its discretion, order that the member affected be paid salary for the time of his suspension. In the event the chief should exercise such power of suspension, the member involved shall not be subject to any further disciplinary action for the same offense.

Subject to the foregoing, members of the uniformed ranks of either department shall not be subject to dismissal, nor to punishment for any breach of duty or misconduct, except for cause, nor until after a fair and impartial trial before the commissioners of their respective departments, upon a verified complaint filed with such commission setting forth specifically the acts complained of, and after such reasonable notice to them as to time and place of hearings as such commission may, by rule, prescribe. The accused shall be entitled, upon hearing, to appear personally and by counsel; to have a public trial; and to secure and enforce, free of expense, the attendance of all witnesses necessary for his defense. ~~Notwithstanding any provisions of this charter, including this section, disciplinary procedures applicable to members of the ranks of~~

the Police and Fire Departments may be changed, modified or established by the Police and Fire Commissions, as applicable after meeting and conferring with the appropriate recognized employee organization pursuant to charter section A8.590-4, but only after full public hearings before the board of supervisors and the Police and Fire Commissions.

Provided however, that the provisions of Charter section 4.127 regarding the Office of Citizen Complaints may not be overridden except by amendment of the charter. Further provided, that in the following types of Police Department disciplinary cases, the provisions of Charter section A8.343 regarding disciplinary procedures shall continue to apply and may not be overridden except by amendment of the charter: (1) cases involving the San Francisco Police Department's crowd control policies; (2) cases involving allegations of misconduct resulting in death or serious bodily injury or allegations of excessive force or; (3) cases involving allegations of racial or sexual discrimination or harassment or other unlawful discrimination. The Police Commission shall have the sole discretion to determine the applicability of Charter section A8.343 to a police disciplinary case based on the criteria enumerated above.

Section 2. The San Francisco Charter is hereby amended, by amending section A8.403, to read as follows:

A8.403 COMPENSATION FOR REGISTERED NURSE CLASSIFICATIONS

The salary, conditions and benefits of employment of the various classifications of nurses required to possess a registered nurse license issued by the State of California as provided for in this section as compensation shall be determined and fixed annually as follows:

(a) On or before May 1, 1982, and each year thereafter, the civil service and employee relations commission shall certify to the board of supervisors for the acute care staff nurse classification the highest prevailing salary schedule in effect on April 15 of that year, and salary adjustments, if any, to be effective during the city and county's next succeeding fiscal year, granted by collective bargaining agreement to comparable registered nurse employees in public and private employment in the counties of Alameda, Contra Costa, Marin, San Mateo, San Francisco and Santa Clara. Rates of pay for other registered nurse classifications shall reflect not less than the same relationships to the benchmark registered nurse classification that those classifications had in fiscal year 1980-1981 to the then benchmark classification.

(b) The board of supervisors shall on or before June 1, 1982, and each year thereafter, fix a salary schedule for each classification which shall not be in excess of the schedules certified by the civil service and employee relations commission, for each such classification, except as provided in Subsection (f) below, and provided, further, that no employee's basic rate of pay shall be reduced

to conform to the highest prevailing salary schedule except as provided for in Section A8.406;

(c) The rates of pay fixed for each classification shall become effective at the beginning of the next succeeding fiscal year;

(d) The terms "salary schedule" and "salary schedules" wherever used in this section are hereby defined and intended to include only the maximum rate of pay provided in each such salary schedule; the term "salary adjustments" shall mean an increase or decrease to the maximum rate of pay;

(e) At the time the board of supervisors fixes the salary schedule as provided in (b) above, the board of supervisors may fix as conditions and benefits of employment other than salaries as compensation for each classification, conditions and benefits not to exceed the intent of those conditions and benefits granted by collective bargaining agreements to comparable classifications by the employer used for certification of the highest prevailing salary schedule by the civil service and employee relations commission. The board of supervisors may establish such conditions and benefits notwithstanding other provisions or limitations of this charter, with the exception that such conditions and benefits shall not involve any change in the administration of or benefits of the retirement system, the administration or benefits of the health service system or vacation allowances provided elsewhere in this charter. Conditions and benefits of employment existing prior to July 1, 1982 may be continued by the board of supervisors;

(f) When the employer used for certification in Subsection (a) above, provides rates of pay during the current fiscal year in excess of those fixed by the board of supervisors for said current fiscal year, or vacation and health service benefits greater than such similar benefits provided by this charter for the staff nurse classification, the civil service and employee relations commission shall certify to the board of supervisors an amount not to exceed the difference of such salary and benefits converted to dollar values and the board of supervisors may provide additional salary, conditions and benefits of employment at a cost not to exceed said dollar value.

(g) Notwithstanding section (f) above, the board of supervisors may, after meeting and conferring with and reaching agreement with the employee organization certified as the representative for the classifications of nurses governed by this charter section, fix retirement benefits for each classification. No agreement reached by the parties modifying benefits under the retirement system shall be effective unless and until the following occur:

i. the parties secure, through the retirement board, an actuarial report of the cost and effect of any proposed changes in benefits under the retirement system, and;

ii. the retirement board certifies that any changes in benefits under the retirement system will not cause the funded status of the retirement system or the City's agency

(Continued on next page)

account with the Public Employees' Retirement System to fall below 90%. With reference to the retirement system and the City's agency account with the Public Employees' Retirement System, the term funded status will mean a percentage equal to a fraction, the numerator of which is the actuarial value of assets and the denominator of which is the accrued actuarial liability. All agreements pursuant to this section and agreements or decisions pursuant to other charter sections covering classifications of employees not covered by this section submitted to the retirement board for certification within a calendar quarter shall be considered together and no agreements or decisions shall be implemented if all agreements or decisions, taken together, would cause the funded status of the retirement system or the City's agency account with the Public Employees' Retirement System to fall below 90%, and;

iii. the retirement board certifies that the "age factor" and "cost of living adjustment" ("COLA") and "final compensation" components of any new benefit provisions under the retirement system do not exceed the higher of:

(a) the average age factor, COLA and final compensation components, taken item by item, of the PERS 2% at 50 plans for state safety employees and the PERS 2% at 60 plans for state non-safety employees as appropriate to the particular classification to be covered; or

(b) the average age factor, COLA and final compensation components, taken item by item, of the pension plans of the 10 largest cities in California by population, exclusive of San Francisco, as appropriate to the particular classification to be covered, and;

iv. the board of supervisors, after having made its own finding that implementation of the modifications to the retirement system present no risk to the tax-qualified status of the retirement system and a determination that the proposed modifications do not impose an unreasonable administrative burden on the retirement system, enacts an ordinance implementing the agreement. All such ordinances shall contain the following proviso:

In the event any provision above is finally determined by the Internal Revenue Service or a court of competent jurisdiction to deprive the retirement system of its tax qualified status, then all provisions which would impair its tax qualified status are immediately null and void. Under no circumstances will any employee have a vested right to any benefit which becomes null and void in the manner described in the preceding sentence.

The board of supervisors, has full discretion to accept or reject, any agreement reached by the parties modifying benefits under the retirement system. In the event no agreement is reached, or the board of supervisors rejects any agreement, arbitration shall not be available.

Section 3. The San Francisco Charter is hereby amended by amending section A8.404 to read as follows:

A8.404 SALARIES AND BENEFITS OF CARMEN

The wages, conditions and benefits of employment as provided for in this section of the various classifications of employment of platform employees and coach or bus operators of the municipal railway as compensation, shall be determined and fixed annually as follows:

(a) On or before the first Monday of August of each year, the civil service and employee relations commission shall certify to the board of supervisors for each classification of employment the average of the two highest wage schedules in effect on July 1st of that year for comparable platform employees and coach or bus operators of other surface street railway and bus systems in the United States operated primarily within the municipalities having each a population of not less than 500,000 as determined by the then most recent census taken and published by the director of the census of the United States, and each such system normally employing not less than 400 platform employees or coach or bus operators, or platform employees, coach and bus operators.

(b) The board of supervisors shall thereupon fix a wage schedule for each classification of platform employees and coach and bus operators of the municipal railway which shall not be in excess of the average of the two highest wage schedules so certified by the civil service and employee relations commission for each such classification.

(c) When, in addition to their usual duties, such employees are assigned duties as instructors of platform employees or coach or bus operators they shall receive additional compensation that shall be subject to negotiation in addition to the rate of pay to which they are otherwise entitled under the wage schedule as herein provided.

(d) The rates of pay fixed for platform employees and coach and bus operators as herein provided shall be effective from July 1st of the year in which such rates of pay are certified by the civil service and employee relations commission.

(e) The terms "wage schedule" and "wage schedules" wherever used in this section are hereby defined and intended to include only the maximum rate of pay provided in each such wage schedule.

(f) At the time the board of supervisors fixes the wage schedule as provided in (b) above, the board of supervisors may fix as conditions and benefits of employment other than wages as compensation for platform employees and coach or bus operators of the municipal railway, conditions and benefits not to exceed those conditions and benefits granted by collective bargaining agreements to the comparable platform employees and coach or bus operators of the two systems used for certification of the average of the two highest wage schedules by the civil service and employee relations commission. The board of supervisors may establish such conditions and benefits notwithstanding other provisions or limitations of this charter, with the exception that such conditions and benefits shall not involve any change in the administration of or benefits of the retirement system, the administration or

benefits of the health service system or vacation allowances as provided elsewhere in this charter. For all purposes of the retirement system as related to this section, the word "compensation" as used in Section A8.509 of this charter shall mean the "wage schedules" as fixed in accordance with paragraphs (a) and (b) above, including those differentials established and paid as part of wages to platform employees and coach and bus operators of the municipal railway, but shall not include the value of those benefits paid into the fund established as herein provided. Provided that when in the two systems used for certification as provided above, vacation, retirement and health service benefits are greater than such similar benefits provided by this charter for platform employees, coach or bus operators of the municipal railway, then an amount not to exceed the difference of such benefits may be converted to dollar values and the amount equivalent to these dollar values shall be paid into a fund. The fund shall be established to receive and to administer said amounts representing the differences in values of the vacation, retirement and health service benefits, and to pay out benefits that shall be jointly determined by representatives of the city and county government and the representatives of the organized platform employees and coach and bus operators of the municipal railway. The civil service and employee relations commission shall adopt rules for the establishment and general administration of the fund as herein provided. Such rules shall provide for a joint administration of the fund by representatives of the city and county government, which shall include representatives of the administrator of the agency responsible for the municipal railway and representatives of the organized platform employees, coach and bus operators of the municipal railway. Such rules may provide a procedure for final and binding arbitration of disputes which may arise between representatives of the city and county government and the representatives of the organized platform employees and coach and bus operators of the municipal railway. Such rules shall provide that all investments of the fund shall be of the character legal for insurance companies in California. Such rules and any amendments thereto shall be effective upon approval by the board of supervisors by ordinance.

(g) Notwithstanding any provisions of this charter, including other subparts of this section, the board of supervisors may, after meeting and conferring with and reaching agreement with the employee organization certified as the representative for municipal railway operators, fix wages and benefits of employment other than wages for platform employees and coach and bus operators of the municipal railway under this section for periods in excess of one year. Any ordinance fixing wages and benefits of employment other than wages adopted pursuant to this section for a period of more than one year shall contain a provision to the effect that during said period of time it shall be unlawful for the employees receiving the compensation so fixed to engage in a strike, work stoppage or conduct delaying or interfering with work at city and county facilities.

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Wages and benefits of employment other than wages established under this section shall not in any year exceed the limits established under paragraph (b) and (f) of this section.

Notwithstanding the provision for certification of comparable platform employee and bus operator wage levels in subsection (f) above, the board of supervisors may, after meeting and conferring with and reaching agreement with the employee organization certified as the representative for classifications of employees governed by this section, fix retirement benefits for each classification. No agreement reached by the parties modifying benefits under the retirement system shall be effective unless and until the following occur:

i. the parties secure, through the retirement board, an actuarial report of the cost and effect of any proposed changes in benefits under the retirement system, and

ii. the retirement board certifies that any changes in benefits under the retirement system will not cause the funded status of the retirement system or the City's agency account with the Public Employees' Retirement System to fall below 90%. With reference to the retirement system and the City's agency account with the Public Employees' Retirement System, the term funded status will mean a percentage equal to a fraction, the numerator of which is the actuarial value of assets and the denominator of which is the accrued actuarial liability. All agreements pursuant to this section and agreements or decisions pursuant to other charter sections covering classifications of employees not covered by this section submitted to the retirement board for certification within a calendar quarter shall be considered together and no agreements or decisions shall be implemented if all agreements or decisions, taken together, would cause the funded status of the retirement system or the City's agency account with the Public Employees' Retirement System to fall below 90%, and,

iii. the retirement board certifies that the "age factor" and "cost of living adjustment" ("COLA") and "final compensation" components of any new benefit provisions under the retirement system do not exceed the higher of:

(a) the average age factor, COLA and final compensation components, taken item by item, of the PERS 2% at 50 plans for state safety employees and the PERS 2% at 60 plans for state non-safety employees as appropriate to the particular classification to be covered; or

(b) the average age factor, COLA and final compensation components, taken item by item, of the pension plans of the 10 largest cities in California by population, exclusive of San Francisco, as appropriate to the particular classification to be covered, and;

iv. the board of supervisors, after having made its own finding that implementation of the modifications to the retirement system present no risk to the tax-qualified status of the retirement system and a determination that the proposed modifications do not impose

an unreasonable administrative burden on the retirement system, enacts an ordinance implementing the agreement. All such ordinances shall contain the following proviso:

In the event any provision above is finally determined by the Internal Revenue Service or a court of competent jurisdiction to deprive the retirement system of its tax qualified status, then all provisions which would impair its tax qualified status are immediately null and void. Under no circumstances will any employee have a vested right to any benefit which becomes null and void in the manner described in the preceding sentence.

The board of supervisors, has full discretion to accept or reject, any agreement reached by the parties modifying benefits under the retirement system. In the event no agreement is reached, or the board of supervisors rejects any agreement, arbitration shall not be available.

(h) (i) Not later than the 25th day of August, the board of supervisors shall have the power and it shall be its duty, subject to the fiscal provisions of the charter but, without reference or amendment to the annual budget, to amend the annual appropriation ordinance and the annual salary ordinance as necessary to include the provisions for paying the rates of compensation and conditions and benefits other than wages fixed by the board of supervisors as in this section provided for platform employees and coach or bus operators for the then current fiscal year.

On recommendation of the civil service and employee relations commission the board of supervisors shall establish a rate of pay for trainee platform men and bus or coach operators at a level reflecting the current labor market but below the basic hourly rate for motorman, conductor and bus operator.

Section 4. The San Francisco Charter is hereby amended, by amending section A8.409-1, to read as follows:

A8.409-1 EMPLOYEES COVERED

These Sections A8.409 through A8.409-6, inclusive, shall apply to all miscellaneous officers and employees and including employees of San Francisco Unified School District and San Francisco Community College District to the extent authorized by state law. The provisions of charter sections A8.400(h), A8.401, A8.401-1, and A8.407 are hereby repealed and shall be of no further force and effect. Employee organizations representing employees in classifications covered by section A8.403 and A8.404 of this Charter may elect to include those classifications within the coverage of this part as a separate bargaining unit. provided however, that the election shall not become effective without the written approval of the Mayor and Board of Supervisors. The election shall be irrevocable and such employees shall not thereafter be subject to the provisions of section A8.403 and A8.404.

Employees in classifications not represented by a recognized employee organization shall be entitled to represent themselves with the city and county over wages, hours and other terms and conditions of employment to the extent required

by state law and shall not be subject to the arbitration provisions of Section A8.409-4 of this charter. The Mayor annually shall propose all forms of compensation for unrepresented employees including salaries, hours, benefits, and other terms and conditions of employment subject to approval or disapproval of the board of supervisors. Consistent with other provisions of this charter, the civil service and employee relations commission may adopt rules and procedures relating to said unrepresented employees.

Except as otherwise provided by this charter, the Civil Service and Employee Relations Commission shall set the wages and benefits of all elected officials of the City and County of San Francisco as follows: wages shall be frozen for fiscal year 1994-95 and 1995-96 at the rates in effect on June 30, 1994, thereafter, wages and benefits may be adjusted on July 1 of each fiscal year to reflect upward change in the CPI as of the preceding January 1; however, wage increases may not exceed 5%. Benefits of elected officials may equal but may not exceed those benefits provided to any classification of miscellaneous officers and employees as of July 1 of each fiscal year.

In addition, subject to the approval or disapproval of the Board of Supervisors, the Mayor may create, for employees designated as management, a management compensation package that recognizes and provides incentives for outstanding managerial performance contributing to increased productivity and efficiency in the work force. In formulating such a package, the Mayor shall take into account data developed in conjunction with the civil service and employee relations commission regarding the terms of executive compensation in other public and private jurisdictions.

Section 5. The San Francisco Charter is hereby amended, by amending section A8.409-3, to read as follows:

A8.409-3 OBLIGATION TO BARGAIN IN GOOD FAITH

Notwithstanding any other ordinances, rules or regulations of the city and county of San Francisco and its departments, boards and commissions, the city and county of San Francisco, through its duly authorized representatives, and recognized employee organizations representing classifications of employees covered by this part shall have the mutual obligation to bargain in good faith on all matters within the scope of representation as defined by Government Code Section 3504, relating to the wages, hours, benefits and other terms and conditions of city and county employment, including retirement and death allowances and health benefits subject to section A8.409-5, and further including the establishment of procedures for the resolution of grievances concerning the interpretation or application of any agreement, and including agreements to provide binding arbitration of discipline and discharge; provided, however that, except insofar as they affect compensation, those matters within the jurisdiction of the civil service and employee relations commission which establish, implement and regulate the civil service

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merit system shall not be subject to bargaining under this part: the authority, purpose, definitions, administration and organization of the merit system and the civil service commission; policies, procedures and funding of the operations of the civil service commission and its staff; the establishment and maintenance of a classification plan including the classification and reclassification of positions and the allocation and reallocation of positions to the various classifications; status rights; the establishment of standards, procedures and qualifications for employment, recruitment, application, examination, selection, certification and appointment; the establishment, administration and duration of eligible lists; probationary status and the administration of probationary periods, except duration; pre-employment and fitness for duty medical examinations except for the conditions under which referrals for fitness for duty examinations will be made, and the imposition of new requirements; the designation of positions as exempt, temporary, limited tenure, part-time, seasonal or permanent; resignation with satisfactory service and reappointment; exempt entry level appointment of the handicapped; approval of payrolls; and conflict of interest. As to these matters, the **Mayor, Board of Supervisors and Civil Service and Employee Relations Commission** shall continue to be required to meet and confer pursuant to state law.

Unless and until agreement is reached through bargaining between authorized representatives of the city and county of San Francisco and authorized representatives of recognized employee organizations for the employee classifications covered by this part, or a determination is made through the procedure set forth in section A8.409-4 hereinafter provided, no existing wages, written terms or conditions of employment, fringe benefits, or long-standing past practices for said employees shall be altered, eliminated or changed except in cases of emergency. This paragraph shall be effective only until the approval of the first memorandum of understanding with a covered employee organization or six months from the effective date of this part whichever occurs sooner.

During the term of an MOU, disputes regarding changes in wages, hours, benefits and other terms and conditions of employment shall not be subject to the impasse procedures provided in this part, but may be subject to grievance arbitration.

No bargaining unit may be included in more than one memorandum of understanding with the city and county of San Francisco. Consistent with charter sections 3.100-2 and 3.103-11.100 and 11.101 and subject to the prior written approval of the Human Resources Director which shall not be unreasonably withheld, appointing officers shall have the authority to negotiate agreements with recognized employee representatives. Appointing officers shall consult and coordinate such negotiations with the Human Resources Director. Such memoranda of understanding shall be restricted to non-economic items within the jurisdiction of the department appointing officer which do not conflict with a city-wide memoran-

dum of understanding. Such memoranda of understanding shall come into full force and effect only upon approval by the mayor and thereafter by a majority vote of the board of supervisors or other appropriate governing body. Upon such approval, departmental memoranda of understanding shall be attached as appendices to the employee organization's city-wide memorandum of understanding as negotiated under this part. No memorandum of understanding negotiated pursuant to this paragraph during the term of a city-wide memorandum of understanding shall be subject to the arbitration provisions of this part until renegotiation of the employee organization's city-wide memorandum of understanding.

Agreements reached pursuant to this part by the authorized representatives for the city and county of San Francisco, on behalf of its departments, boards and commissions, and the authorized representatives of recognized employee organizations, once adopted by ordinance of the board of supervisors, shall be binding on the city and county of San Francisco, and on its departments, boards, commissions, officers and employees and on the recognized employee organizations and their successors, and all employees in classifications they represent. Except as specifically set forth in this part, said agreements shall supersede any and all other conflicting procedures, provisions and formulae contained in this charter, in the ordinances of the board of supervisors, or in the rules or regulations of the city and county of San Francisco, relating to wages, hours, or other terms and conditions of employment.

Section 6. The San Francisco Charter is hereby amended by amending section A8.409-4, to read as follows:

A8.409-4 IMPASSE RESOLUTION PROCEDURES

(a) Subject to Section A8.409-4(g), disputes pertaining to wages, hours, benefits or other terms and conditions of employment which remain unresolved after good faith bargaining between the city and county of San Francisco, on behalf of its departments, boards and commissions, and a recognized employee organization representing classifications of employees covered under this part shall be submitted to a three-member mediation/arbitration board ("the board") upon the declaration of an impasse either by the authorized representative of the city and county of San Francisco or by the authorized representative of the recognized employee organization involved in the dispute; provided, however, that the arbitration procedures set forth in this part shall not be available to any employee organization that engages in a strike unless the parties mutually agree to engage in arbitration under this section. Should any employee organization engage in a strike either during or after the completion of negotiations and impasse procedures, the arbitration procedure shall cease immediately and no further impasse resolution procedures shall be required.

(b) Not later than January 20 of any year in which bargaining on an MOU takes place, representatives designated by the city and county of San Francisco and representatives of the recog-

nized employee organization involved in bargaining pursuant to this part shall each select and appoint one person to the board. The third member of the board shall be selected by agreement between the city and county of San Francisco and the recognized employee organization, and shall serve as the neutral chairperson of the board.

In the event that the city and county of San Francisco and the recognized employee organization involved in bargaining cannot agree upon the selection of the chairperson within ten (10) days after the selection of the city and county and employee organization members of the board, either party may then request the American Arbitration Association or California State Mediation Service to provide a list of the seven (7) persons who are qualified and experienced as labor interest arbitrators. If the city and county and the employee organization cannot agree within three (3) days after receipt of such list on one of the seven (7) persons to act as the chairperson, they shall randomly determine which party strikes first, and shall alternately strike names from the list of nominees until one name remains and that person shall then become the chairperson of the board.

(c) Any proceeding convened pursuant to this section shall be conducted in conformance with, subject to, and governed by Title 9 of Part 3 of the California Code of Civil Procedure. The board may hold public hearings, receive evidence from the parties and, at the request of either party, cause a transcript of the proceedings to be prepared. The board, in the exercise of its discretion, may meet privately with the parties to mediate or mediate/arbitrate the dispute. The board may also adopt other procedures designed to encourage an agreement between the parties, expedite the arbitration hearing process, or reduce the cost of the arbitration process.

(d) In the event no agreement is reached prior to the conclusion of the arbitration hearings, the board shall direct each of the parties to submit, within such time limit as the board may establish, a last offer of settlement on each of the remaining issues in dispute. The board shall decide each issue by majority vote by selecting whichever last offer of settlement on that issue it finds by a preponderance of the evidence presented during the arbitration most nearly conforms to those factors traditionally taken into consideration in the determination of wages, hours, benefits and terms and conditions of public and private employment, including, but not limited to: changes in the average consumer price index for goods and services; the wages, hours, benefits and terms and conditions of employment of employees performing similar services; the wages, hours, benefits and terms and conditions of employment of other employees in the city and county of San Francisco; health and safety of employees; the financial resources of the city and county of San Francisco, including a joint report to be issued annually on the City's financial condition for the next three fiscal years from the Controller, the Mayor's budget analyst and the budget analyst for the board of supervisors; other demands on the city and county's resources,

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including limitations on the amount and use of revenues and expenditures; revenue projections; the power to levy taxes and raise revenue by enhancements or other means; budgetary reserves; and the city's ability to meet the costs of the decision of the arbitration board; and that any proposal to modify retirement or death allowances or with respect to health benefits proposals would not cause, if adopted, an undue proliferation of retirement, death allowance benefits, or health insurance plan benefits resulting in an unreasonable administrative burden on either the retirement or health systems of the city and county. In addition, the board shall issue written findings on each and every one of the above factors as they may be applicable to each and every issue determined in the award. Compliance with the above provisions shall be mandatory.

(e) To be effective the beginning of the next succeeding fiscal year, an agreement shall be reached or the board shall reach a final decision no later than sixty days before the date the Mayor is required to submit a budget to the board of supervisors, except by mutual agreement of the parties. After reaching a decision, the board shall serve by certified mail or by hand delivery a true copy of its decision to the parties. The decision and findings of the arbitration board shall not be publicly disclosed until ten (10) days after it is delivered to the parties. During that ten (10) day period the parties shall meet privately, attempt to resolve their differences, and by mutual agreement amend or modify the decision and findings of the arbitration board. At the conclusion of the ten (10) day period, which may be extended by mutual agreement between the parties, the decision and findings of the arbitration board, as it may be modified or amended by the parties, shall be publicly disclosed for a period of fourteen (14) days after which time the decision shall be final and binding. Except as otherwise provided by this part, the arbitration decision shall supersede any and all other relevant formulae, procedures and provisions of this charter relating to wages, hours, benefits and terms and conditions of employment, and it shall be final and binding on the parties to the dispute. However, the decision of the board may be judicially challenged by either party.

Thereafter, the city and county of San Francisco, its designated officers, employees and representatives and the recognized employee organization involved in the dispute shall take whatever action necessary to carry out and effectuate the final decision.

(f) The expenses of any proceedings convened pursuant to this part, including the fee for the services of the chairperson of the board, the costs of preparation of the transcript of the proceedings and other costs directly related to and necessarily incurred during the conduct of the proceedings, as determined by the board, shall be borne equally by the parties. All other expenses, including attorneys fees incurred by any party, participant or arbitration panel member in the proceedings, which the parties may incur are borne by the party incurring such expenses.

(g) The impasse resolution procedures set forth

in Section A8.409-4, or in any other provision of the charter, ordinance or state law shall not apply to any rule, policy, procedure, order or practice which relates or pertains to the purpose, goals or requirements of a consent decree, or which is necessary to ensure compliance with federal, state or local laws, ordinances or regulations. In the event the city acts on a matter it has determined relates to or pertains to a consent decree, or in the event the city acts to ensure compliance with federal, state, or local laws, ordinances or regulations, and the affected employee organization disputes said determination, that determination or action shall not be subject to arbitration, but may be challenged in a court of competent jurisdiction.

(h) The impasse resolution procedures set forth in section A8.409-4, or in any other section of the charter, shall not apply to any proposal pertaining to the right to strike.

(i) Charter sections A8.590-1 through A8.590-7 shall remain in full force and effect; provided, however, that the wages and other economic benefits and compensation of all classifications and employees covered by these sections shall be frozen for fiscal year 1995-96 at the rates in effect on June 30, 1995, except that wages and other economic benefits and compensation of all classifications of Airport Police shall be frozen for the fiscal year following expiration of the Memorandum of Understanding covering those classifications in effect on the effective date of this amendment.

(j) Subject to the election provisions of section A8.409-1, Charter sections A8.403 and A8.404 shall remain in full force and effect; provided, however, that the wages and other economic benefits and compensation of all classifications of employees covered by section A8.404 shall be frozen for fiscal year 1995-96 at the rates in effect on June 30, 1995.

Section 7. The San Francisco Charter is hereby amended, by amending section A8.409-5 thereof, to read as follows:

A8.409-5 RETIREMENT BENEFITS

~~Notwithstanding any other provision of this part,~~ Retirement and death allowances shall continue to be set and adjusted pursuant to Chapter Five of this Article, ~~unless modified by an ordinance adopted pursuant to this section.~~ However, death benefits and survivor allowances, retirement allowances, adjustments to retirement allowances and adjustments to continuant allowances payable by the retirement system and based on fiscal year 1991-1992 wages and salaries covered by charter section A8.407, shall be calculated for all employees covered by charter sections A8.401 and A8.407 based on the rates certified by the civil service and employee relations commission to the board of supervisors as though the 1991-1992 salary standardization ordinance vetoed by the mayor had become law. No such payment shall exceed the maximum amount permitted by Section 415 of the Internal Revenue Code of 1986, as amended from time to time, or the maximum amount which would still permit the retirement system to preserve its tax-qualified status under Section 401 of the Internal Revenue

Code of 1986, as amended from time to time.

No agreement reached by the parties modifying benefits under the retirement system and no decision of the mediation/arbitration board modifying benefits under the retirement system shall be effective unless and until after the following occur:

i. the parties secure, through the retirement board, an actuarial report of the cost and effect of any proposed changes in benefits under the retirement system, and;

ii. the retirement board certifies that any proposed changes in benefits under the retirement system will not cause the funded status of the retirement system or the City's agency account with the Public Employees' Retirement System to fall below 90%. With reference to the retirement system and the City's agency account with the Public Employees' Retirement System, the term funded status will mean a percentage equal to a fraction, the numerator of which is the actuarial value of assets and the denominator of which is the accrued actuarial liability. All agreements or decisions submitted to the retirement board for certification within a calendar quarter shall be considered together and no agreements or decisions shall be implemented if all agreements or decisions, taken together, would cause the funded status of the retirement system or the City's agency account with the Public Employees' Retirement System to fall below 90%, and;

iii. the retirement board certifies that the "age factor" and "cost of living adjustment" ("COLA") and "final compensation" components of any new benefit provisions under the retirement system do not exceed the higher of:

(a) the average age factor, COLA and final compensation components, taken item by item, of the PERS 2% at 50 plans for state safety employees and the PERS 2% at 60 plans for state non-safety employees as appropriate to the particular classification to be covered; or

(b) the average age factor, COLA and final compensation components, taken item by item, of the pension plans of the 10 largest cities in California by population, exclusive of San Francisco, as appropriate to the particular classification to be covered, and.

iv. the board of supervisors, after having made its own finding that implementation of the modifications to the retirement system present no risk to the tax-qualified status of the retirement system and a determination that the proposed modifications do not impose an unreasonable administrative burden on the retirement system, enacts an ordinance implementing the agreement or decision of the mediation/arbitration board. All such ordinances shall contain the following proviso:

In the event any provision above is finally determined by the Internal Revenue Service or a court of competent jurisdiction to deprive the retirement system of its tax qualified status, then all provisions which would impair its tax qualified status are immediately null

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and void. Under no circumstances will any employee have a vested right to any benefit which becomes null and void in the manner described in the preceding sentence.

The board of supervisors has full discretion to accept or reject any agreement reached by the parties modifying benefits under the retirement system and any decision of the mediation/arbitration board modifying benefits under the retirement system.

Section 8. The San Francisco Charter is hereby amended, by amending section A8.590-4, thereof to read as follows:

A8.590-4 OBLIGATION TO NEGOTIATE IN GOOD FAITH

Notwithstanding any other provisions of this Charter, or of the ordinances, rules or regulations of the City and County of San Francisco and its departments, boards and commissions, the City and County of San Francisco, through its duly authorized representatives, and recognized employee organizations representing classifications of firefighters, police officers and airport police officers shall have the mutual obligation to negotiate in good faith on all matters within the scope of representation as defined by Government Code Sections 3500, et seq., relating to the wages, hours, benefits and terms and conditions of City and County employment including retirement and death allowances and health benefits subject to section A8.590-7 and further, including the establishment of procedures for the resolution of grievances concerning the interpretation or application of any negotiated agreement. Unless and until agreement is reached through negotiations between authorized representatives of the City and County of San Francisco and the recognized employee organization for the classifications of fire department, police department and airport police employees, or a determination is made through the impartial arbitration procedure hereinafter provided, no existing benefit, term or condition of employment for said fire department, police department or airport police employees shall be altered, eliminated or changed. Agreements reached by the duly authorized representatives for the City and County of San Francisco, its departments, boards and commissions and the recognized employee organizations pursuant to this Section shall be binding on the City and County of San Francisco, and on its departments, boards, commissions, officers and employees once adopted by the board of supervisors. Said agreements shall supersede any and all other conflicting procedures, provisions and formulas contained in this Charter relating to wages, hours, benefits or terms and conditions of employment. Section 9. The San Francisco Charter is hereby amended, by amending section A8.590-5 thereof, to read as follows:

A8.590-5 IMPASSE RESOLUTION PROCEDURES

(a) Subject to section A8.590-5(g), disputes or controversies pertaining to wages, hours, benefits or terms and conditions of employment which remain unresolved after good faith negotiations between the City and County of San

Francisco, its departments, boards and commissions and a recognized employee organization representing firefighters, police officers or airport police officers shall be submitted to a three-member board of arbitrators upon the declaration of an impasse either by the authorized representative of the City and County of San Francisco or by the recognized employee organization involved in the dispute.

(b) Representatives designated by the City and County of San Francisco and representatives of the recognized employee organization involved in the dispute shall each select and appoint one arbitrator to the board of arbitrators within three (3) days after either party has notified the other, in writing, that it desires to proceed to arbitration. The third member of the arbitration board shall be selected by agreement between the City and County of San Francisco and the employee organization, and shall serve as the neutral arbitrator and Chairperson of the Board. In the event that the City and County of San Francisco and the recognized employee organization involved in the dispute cannot agree upon the selection of the neutral arbitrator within ten (10) days from the date that either party has notified the other that it has declared an impasse, either party may then request the State Mediation and Conciliation Service of the State of California Department of Industrial Relations to provide a list of seven (7) persons who are qualified and experienced as labor arbitrators. If the City and County and the employee organization cannot agree within three (3) days after receipt of such list on one of seven (7) persons to act as the neutral arbitrator, they shall alternately strike names from the list of nominees until one name remains and that person shall then become the neutral arbitrator and chairperson of the arbitration board.

(c) Any arbitration proceeding convened pursuant to this article shall be conducted in conformance with, subject to, and governed by Title 9 of Part 3 of the California Code of Civil Procedure. The arbitration board shall hold public hearings, receive evidence from the parties and cause a transcript of the proceedings to be prepared. The arbitration board, in the exercise of its discretion, may meet privately with the parties, mediate or med/arb the issues in dispute. The arbitration board may also adopt such other procedures that are designed to encourage an agreement between the parties, expedite the arbitration hearing process, or reduce the costs of the arbitration process.

(d) In the event no agreement is reached prior to the conclusion of the arbitration hearings, the arbitration board shall direct each of the parties to submit, within such time limit as the arbitration board may establish, a last offer of settlement on each of the remaining issues in dispute. The arbitration board shall decide each issue by majority vote by selecting whichever last offer of settlement on that issue it finds most nearly conforms to those factors traditionally taken into consideration in the determination of wages, hours, benefits and terms and conditions of public and private employment, including, but not limited to: changes in the average consumer price

index for goods and services; the wages, hours, benefits and terms and conditions of employment of employees performing similar services; the wages, hours, benefits and terms and conditions of other employees in the City and County of San Francisco; and the formulas provided for in this Charter for the establishment and maintenance of wages, hours, benefits and terms and conditions of employment. The impartial arbitration board shall also consider the financial condition of the City and County of San Francisco and its ability to meet the costs of the decision of the arbitration board and that any proposal to modify retirement or death allowances or with respect to health benefits proposals would not cause, if adopted, an undue proliferation of retirement, death allowance benefits, or health insurance plan benefits resulting in an unreasonable administrative burden on either the retirement or health systems of the city and county.

(e) After reaching a decision, the arbitration board shall mail or otherwise deliver a true copy of its decision to the parties. The decision of the arbitration board shall not be publicly disclosed and shall not be binding until ten (10) days after it is delivered to the parties. During that ten (10) day period the parties shall meet privately, attempt to resolve their differences, and by mutual agreement amend or modify the decision of the arbitration board. At the conclusion of the ten (10) day period, which may be extended by mutual agreement between the parties, the decision of the arbitration board, as it may be modified or amended by the parties, shall be publicly disclosed. Except as limited by Section A8.590-7, the arbitration decision, as it may be modified or amended by the parties, shall supersede any and all other relevant formulas, procedures and provisions of this Charter relating to wages, hours, benefits and terms and conditions of employment; and it shall be final and binding on the parties to the dispute, including the City and County of San Francisco, its commissions, departments, officers and employees. No other actions or procedural steps to confirm or approve the decision of the arbitration board shall be permitted or required; provided, however, that the City and County of San Francisco, its designated officers, employees and representatives and the recognized employee organization involved in the dispute shall take whatever action that is necessary to carry out and effectuate the decision of the arbitration board.

(f) The expenses of any arbitration proceedings convened pursuant to these Charter sections this part including the fee for the services of the chairperson of the arbitration board, the costs of preparation of the transcript of the proceedings and other costs directly related to and necessarily incurred during the conduct of the proceedings, as determined by the arbitration board, shall be borne equally by the parties. All other expenses, including attorneys fees incurred by any party, participant or arbitration panel member in the proceedings, which the parties may incur are to be borne by the party incurring such expenses.

(Continued on next page)

LEGAL TEXT OF PROPOSITION E (Continued)

(g) The impasse resolution procedures set forth in Section A8.590-5 shall not apply to:

1. any dispute or controversy concerning the San Francisco Police Department's crowd control policies;

2. any procedures or practices relating to the processing and disposition of complaints handled by the Office of Citizens' Complaints; or matters relating to disciplinary procedures that apply to disciplinary actions involving members of the San Francisco police department and fire department covered by these sections; or matters covered by Charter section A8.343; and

3. any rule, policy, procedure, order or practice which relates or pertains to the purpose, goals or requirements of a consent decree, or which is necessary to ensure compliance with federal, state or local anti-discrimination laws, ordinances or regulations.

In the event the City acts on a matter it has determined relates to or pertains to a consent decree, or in the event the City acts to ensure compliance with federal, state, or local anti-discrimination laws, ordinances or regulations, and the affected employee organization disputes said determination, that determination or action shall not be subject to arbitration.

Section 10. The San Francisco Charter is hereby amended, by amending section A8.590-6 thereof, to read as follows:

A8.590-6 RETIREE BENEFIT ADJUSTMENTS

No agreement reached by the parties and no decision of the arbitration board shall reduce the retirement benefits of retirees or employees of the fire department, police department or of the airport police officers. Retirement and death allowances shall continue to be set and adjusted pursuant to Chapter Five of this Article, except that the amount to which said allowances are set and adjusted shall not be less than the amount said allowances would be if the salaries of the uniformed forces in the police and fire departments continued to be set pursuant to Charter Section 8.405. Retirement and death allowances of retired members of the police and fire departments which have heretofore been periodically adjusted pursuant to the provisions of this charter in relation to the salaries of active employees shall continue to be adjusted in the same manner, except that said allowances shall not be less than said allowances would be if the salaries of the uniformed forces of the police and fire departments continued to be set pursuant to charter section A8.405 and adjustments in said allowances continued to be made pursuant to charter section A8.559-6. Any agreement or decision of the arbitration board altering vested retirement benefits shall be subject to the written approval of the individual beneficiaries thereof.

Section 11. The San Francisco Charter is hereby amended, by amending section A8.590-7 thereof, to read as follows:

A8.590-7 PRESERVATION OF TAX BENEFITS FOR RETIREMENT BENEFITS

Sections 8.590-1 through 8.590-7, in their entirety, shall be subject to and limited by charter

section 8.500 and any ordinances enacted pursuant thereto. Sections 8.590-1 through 8.590-7 shall be effective only to the extent that benefits authorized by or authorized pursuant to those sections do not have an adverse consequence on the tax treatment of benefits provided to any employee of the city and county.

(b) Any agreement reached by the parties or any decision of the arbitration board which authorizes a modification of any aspect of the retirement system or of any aspect of the provision for or delivery of retirement benefits shall not become effective until the following occur:

(1) The retirement board, acting in its fiduciary capacity, forwards to the board of supervisors certification that implementation of the modifications presents no risk to the tax-qualified status of the retirement system. Such certification shall be based upon the advice of the general manager, the actuary of the retirement system, and any outside consultants that they may in their discretion retain; and;

(2) After having received the certification referred to in the previous paragraph and after having made its own independent finding based on clear and convincing evidence that implementation of the modifications presents no risk to the tax-qualified status of the retirement system and will not increase the taxes of city and county employees, the board of supervisors, by a three-quarters vote, enacts an ordinance making the modifications effective.

(a) No agreement reached by the parties modifying benefits under the retirement system and no decision of the mediation/arbitration board modifying benefits under the retirement system shall be effective unless and until after the following occur:

i. the parties secure, through the retirement board, an actuarial report of the cost and effect of any proposed changes in benefits under the retirement system, and

ii. the retirement board certifies that any proposed changes in benefits under the retirement system will not cause the funded status of the retirement system or the City's agency account with the Public Employees' Retirement System to fall below 90%. With reference to the retirement system and the City's agency account with the Public Employees' Retirement System, the term funded status will mean a percentage equal to a fraction, the numerator of which is the actuarial value of assets and the denominator of which is the accrued actuarial liability. All agreements or decisions submitted to the retirement board for certification within a calendar quarter shall be considered together and no agreements or decisions shall be implemented if all agreements or decisions, taken together, would cause the funded status of the retirement system or the City's agency account with the Public Employees' Retirement System to fall below 90%, and,

iii. the retirement board certifies that the "age factor" and "cost of living adjustment" ("COLA") and "final compensation" components of any new benefit provisions under the

retirement system do not exceed the higher of:

(a) the average age factor, COLA and final compensation components, taken item by item, of the PERS 2% at 50 plans for state safety employees and the PERS 2% at 60 plans for state non-safety employees as appropriate to the particular classification to be covered; or

(b) the average age factor, COLA and final compensation components, taken item by item, of the pension plans of the 10 largest cities in California by population, exclusive of San Francisco, as appropriate to the particular classification to be covered; and

iv. the board of supervisors, after having made its own finding that implementation of the modifications to the retirement system present no risk to the tax-qualified status of the retirement system and a determination that the proposed modifications do not impose an unreasonable administrative burden on the retirement system, enacts an ordinance implementing the agreement or decision of the mediation/arbitration board. All such ordinances shall contain the following proviso:

In the event any provision above is finally determined by the Internal Revenue Service or a court of competent jurisdiction to deprive the retirement system of its tax qualified status, then all provisions which would impair its tax qualified status are immediately null and void. Under no circumstances will any employee have a vested right to any benefit which becomes null and void in the manner described in the preceding sentence.

The board of supervisors, has full discretion to accept or reject, any agreement reached by the parties modifying benefits under the retirement system and any decision of the mediation/arbitration board modifying benefits, under the retirement system.

(eb) Costs of any outside consultants retained by the city and county pursuant to this section shall be borne equally by the city and county and by the bargaining units concerned.

Section 12. The San Francisco Charter is hereby amended, by amending section 11.100 thereof, to read as follows:

SEC. 11.100. GENERAL.

Subject to this Charter and consistent with state law, the Mayor through the Human Resources Director or his/her designee and in consultation with the Board of Supervisors shall be responsible for meeting and conferring with employees or their recognized employee organizations regarding salaries, working conditions, benefits and other terms and conditions of employment including retirement and death allowances and health benefits, to be embodied in memoranda of understanding. The Human Resources Director shall assume day-to-day administration of all labor relations responsibilities previously vested in the Mayor or Board of Supervisors.

The Human Resources Director shall submit proposed memoranda of understanding including, where applicable, schedules of compensation, benefits and working conditions to the Mayor, who upon approval shall forward the

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proposed memoranda of understanding to the Board of Supervisors for determination by a majority vote. The Board of Supervisors shall have the power to accept or reject such memoranda of understanding. It shall be the duty of the Board of Supervisors, upon approval of any such memoranda of understanding to enact appropriate ordinances authorizing payment of any compensation or benefits or other terms and conditions of employment so approved.

Nothing in this section shall supersede any dates specified in this Charter for fixing compensation, except that the Board of Supervisors by motion may extend up to 30 days the date for final adoption of ordinances approving salary and benefits pursuant to such sections. Should the Board of Supervisors reject any memorandum of understanding and/or schedule of compensation and benefits, the Board of Supervisors shall by motion simultaneously extend by 60 days the date for final adoption of ordinances approving salary, benefits and/or working conditions pursuant to such sections.

Section 13. The San Francisco Charter is hereby amended, by adding section 11.103 thereof, to read as follows:

Section 11.103. CIVIL SERVICE AND EMPLOYEE RELATIONS COMMISSION

(a) There is hereby established a Civil Service and Employee Relations Commission of the city and county of San Francisco, consisting of five (5) members, appointed by the mayor in the manner set forth hereinafter, which shall implement and administer the Employee Relations Ordinance of the city and county of San Francisco, as contained in Administrative Code section 16.200, et seq. and, as well, shall enforce the prevailing wage provisions of charter section A7.204 and receive and adjudicate complaints alleging violations thereof. As well, the Commission shall assume the functions presently performed by the Civil Service Commission of the city and county of San Francisco as it existed immediately prior to the adoption of this charter amendment and subject to any modifications in the authority of said Commission by the enactment of any other charter revisions in the November 1996 municipal election. The members of the Commission shall possess the integrity and impartiality necessary to protect the public interest as well as the interests of the city and county and its employees, have experience and knowledge in the field of employee relations and personnel administration, including knowledge of prevailing wage principles and administration of a merit employment system, and shall reflect the interests of both management and labor on those subjects. Not fewer than two of the members of the Commission shall be women.

The persons so appointed shall, before taking office, make under oath and file in the office of the county clerk the following declaration: "I am opposed to appointments to the public service as a reward for political activity and will execute the office of civil service and employee relations commissioner in the spirit of this declaration."

One (1) of the persons selected by the mayor shall be designated as the Chairperson, and shall serve an initial term of three (3) years. Two (2) of the remaining Commission members shall be appointed for a two (2) year term, and the remaining two (2) shall be appointed for a one (1) year term. Thereafter, the regular term of office for all members of the Commission shall be three (3) years. All members shall be eligible for reappointment.

(b) The procedure for filling a vacancy resulting from expiration of a Commission member's term of office, or any circumstance in which a member of the Commission resigns, or becomes disabled from serving on said Commission, shall be initiated at least thirty (30) days prior to the expiration of said term, or within thirty (30) days of the knowledge of the vacancy. Each member of the Commission shall hold office until his/her successor is appointed. If a vacancy occurs during a term of office, the appointee to that vacancy shall hold office for the remainder of the term and until his/her successor is appointed.

(c) The Commission shall meet regularly at least once each month and shall meet at other times upon the call of the Chairperson. Three members shall constitute a quorum and the votes of three members are required for action.

(d) A member of the Commission shall be removed by the mayor, with the consent of a majority of the board of supervisors, for continued neglect of duties or malfeasance in office. A member of the Commission may be so removed only after he/she has first been given a written statement of the charges against him/her at least ten (10) days prior to the action being taken on the charges, and has had an opportunity to be heard in person or through counsel. If a member of the Commission is so removed, a record of the proceedings, including the charges and the action taken on them, shall be filed with the Clerk to the board of supervisors.

(e) The Commission shall have the following duties and powers:

(1) To determine in disputed cases or otherwise to approve appropriate employee representation units.

(2) To arrange for and supervise the determination of certified employee representatives for appropriate units by means of elections, or such other method as the Commission may approve with mutual consent of the parties involved. The results of such elections or other approved representation determination procedures shall be certified by the Commission.

(3) To decide contested matters involving certification or decertification of employee organizations.

(4) To investigate charges of unfair employee relations practices or violations of the Employee Relations Ordinance, and to order such appropriate remedial action as the Commission deems necessary to effectuate the policies of said Ordinance, including, the issuance of cease and desist orders; provided, however, the Commission shall have no authority to

order punitive or exemplary damages provided further, that in any case in which the charge alleges a violation of these provisions by the commission itself, or its agents, the commission shall not hear the matter, and shall through rule-making, develop procedures for such cases to hearing by an independent hearing officers.

(5) To conduct investigations, hear testimony, and take evidence under oath at hearings on any matter subject to its jurisdiction.

(6) To administer oaths and to require the attendance of witnesses and the production of books and papers through the issuance of subpoenas.

(7) To issue revised recognition certifications of an employee organization in the event of a merger, amalgamation, or transfer of jurisdiction between two or more employee organizations.

(8) To certify, in appropriate cases by mutual agreement, a council of employee organizations as the majority representative of employees in an employee representation unit and to decide issues relating to such certifications.

(9) To delegate to one or more Commission members, employees, agents, or designated hearing officers, the power to conduct fact-finding hearings and to render proposed decisions to the Commission.

(10) To make recommendations to the mayor and the board of supervisors concerning any necessary or desirable revisions to the Employee Relations Ordinance of the city and county of San Francisco.

(11) Where the City Attorney certifies a conflict of interest exists, to employ independent counsel to advise it in its consideration of that matter.

(12) To enforce the prevailing wage provisions of charter section A7.204, to investigate and adjudicate complaints alleging violations thereof, to issue cease and desist orders, to petition the appropriate court to comply with its orders and/or enjoin contractors or subcontractors from working on projects and to impose such fines or penalties as are appropriate, including the withholding of payments to contractors or subcontractors and/or barring contractors or subcontractors from bidding on subsequent contracts for an appropriate period.

(f) Wherever the words "civil service commission" appear in this charter, they shall be replaced by the words "civil service and employee relations commission." The city attorney is hereby directed to conform the language of the charter as herein amended when next the charter is submitted for republication.

Section 14. The San Francisco Charter is hereby amended, by adding section 11.104 thereof, to read as follows:

Section 11.104 EXEMPTION OF MANAGERIAL EMPLOYEES

(a) Subject to charter section 18.108, upon the effective date of this provision, all positions in classifications in the executive management

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bargaining unit shall be exempt from the civil service provisions of this charter and employees holding such positions shall serve at the pleasure of the appointing authority.

management and executive management units shall meet the minimum qualifications necessary to perform the essential duties of the position.

~~SEC. 10.100. CIVIL SERVICE COMMISSION.~~

The Commission shall consist of five members appointed by the Mayor, pursuant to Section 3.100, for six-year terms. Not less than two members of the Commission shall be women.

am opposed to appointments to the public service as a reward for political activity and will execute the office of Civil Service Commissioner in the spirit of this declaration."

The regular meetings of the Commission shall be open to the public and held at such a time as will give the general public and employees of the City and County adequate time within which to appear before the Commission after the regular daily working hours of 8:00 a.m. to 5:00 p.m. Such person or persons shall be given an opportunity to be heard by the Commission before final action is taken in any case involving such person or persons.

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E

Employment Benefits and Practices

PROPONENT'S ARGUMENT IN FAVOR OF PROPOSITION E

Vote Yes on Proposition E.

San Franciscans desire and deserve a more efficient city government. Efficiency means maximum performance at minimal cost. True reform of government requires voters to understand and embrace conscientious change.

Let's be sensible. Under the current City Charter, the City has no power to negotiate with labor unions on health and retirement benefits. These benefits are "locked in" and can only be changed through a costly and time-consuming charter amendment. A good contract for both the City and for employees cannot be negotiated when only half the issues are on the table.

All matters affecting City employees, including salary, work rules and health and retirement benefits should be subject to collective bargaining. This allows for give and take at the bargaining table and allows both sides to negotiate effectively. In addition, this

measure is fiscally restrained, with important safeguards that place a cap on retirement benefits.

This is simply good business.

The City also needs hiring jurisdiction over some mid- and top-level management employees. Current jobholders are protected by the Charter whether they perform well or not. The merit system should be employed for all workers in supervisory positions. Under this measure, no current employee can be fired. When the position is vacated, the new employee will be subject to the merit system.

This is simply good management.

Vote Yes on Proposition E.

Board of Supervisors and
Willie Lewis Brown, Jr., Mayor

REBUTTAL TO PROPONENT'S ARGUMENT IN FAVOR OF PROPOSITION E

Vote No on Proposition E.

Contrary to the claims of its sponsors, Prop. E does nothing to guarantee increased performance in city government.

Prop. E will do the following:

- **Abrogate San Franciscans' right to vote** on costly retirement and health benefit increases.
- Allow city employees to bargain for more than **\$1,000,000,000** in new retirement benefits without voter approval. **This will increase the cost of government by \$50,000,000 to \$100,000,000 per year**, according to the City Controller and the actuary for the city retirement system.
- **Eliminate the Civil Service Commission, the independent watchdog** which ensures that city jobs are not dispensed

through patronage, and fire the current commission.

- Eliminate civil service protections for hundreds of city positions, making them political appointments. The city already has the power to remove managers if they fail to perform, and the Mayor already has 350 non-civil service appointments. **Prop. E is a mechanism for dispensing spoils jobs.**

Prop. E was drafted in private by lobbyists for two city unions. It was rushed through the Board of Supervisors with little regard for the public's right-to-know and the City's open meeting laws.

I strongly urge you to vote No on Prop. E.

Senator L. Quentin Kopp

Employment Benefits and Practices



OPPONENT'S ARGUMENT AGAINST PROPOSITION E

This **ARROGANT POWER-GRAB** was **DENOUNCED BY** the **MUNICIPAL EXECUTIVES ASSOCIATION**, representing some 350 managers of City departments whose **CIVIL SERVICE PROTECTIONS ARE POLITICALLY THREATENED**.

Objected Municipal Executives Association President, Vitaly Troyan:

"I received a new draft (of this legislation) at 10 this morning (July 29th); I came in at 3 and was given another draft; then I was given another at 4, and I hope things haven't changed since then. Why are we in such a rush?" (7/30/96 Examiner.)

Commented business-oriented COMMITTEE ON JOBS President Doug Shorenstein at the chaotic July 29th Supervisors' ballot hearing:

"There has been no due process....(T)he process has been hijacked."

The Examiner paraphrased his as follows:

"(The legislation offers)...little to protect the public from skyrocketing city pension costs — and higher taxes....He complained the proposal had been railroaded through without enough consideration of potential costs."

The proposal would fire current Civil Service Commissioners, allowing Mayor Willie Brown to "pack" the Commission.

Supervisors grumbled about "nearly impossible to understand...amendments.....inserted into the 43-page document..." and asked a Deputy City Attorney whether the various amendments violated CALIFORNIA'S OPEN MEETING LAWS.

Material changes were made by amendments **WITHOUT PRIOR PUBLIC NOTICE**, union leaders being given the right to negotiate their city employees out of the San Francisco health insurance fund...a dangerous power.

Warned Supervisor Susan Leal, voting against this measure:

"(T)his process is going to be a black eye to all of us...We have amendments just flying around....It's embarrassing, and it's probably going to be defeated in November."

DEFEAT PROPOSITION E COMMITTEE

Dr. Terence Faulkner, J.D.

Chairman

Defeat Proposition E Committee

REBUTTAL TO OPPONENT'S ARGUMENT AGAINST PROPOSITION E

Proposition E was a collaborative effort. It was written after several negotiating sessions with a variety of interests, including labor unions and business leaders. Many of the suggestions — from both labor and the Committee on Jobs — were incorporated into the final draft. To claim that the measure is the result of one interest group or another is plain wrong.

Proposition E had more than adequate airing in the form of public hearings. The proposal was introduced publicly to the Board of Supervisors in July and was heard at three more public hearings during the month before being adopted by the full Board. Dozens of people testified and had input in the process.

The measure includes an important financial safeguard by placing a cap on retirement benefits. The benefits negotiated cannot

exceed the amount paid to California workers under the Cal-PERS system and/or the amount equal to the average benefits paid by the ten largest cities in California, excluding San Francisco. There is no "open-ended retirement benefits" threat.

The power of the Civil Service Commission is not threatened. The new commission created by this measure retains all its current authority but finally gets the teeth to enforce the City's prevailing wage requirements for city projects.

Vote Yes on Proposition E for greater efficiency and fairness.

Board of Supervisors

E

Employment Benefits and Practices

PAID ARGUMENTS IN FAVOR OF PROPOSITION E

MAYOR BROWN URGES A YES VOTE ON PROP E

I have pledged to make city government work more efficiently. Not just Muni — but every City department.

We all want this.

I can't do this without reforming some of the fundamental ways in which we conduct City business while always respecting the voters' rights.

To hire the best, to work the hardest, to fix what needs to be fixed, we need to change some things. First off, the merit system has to be employed for all city workers in supervisory positions. Prop E gives me a few of the tools I need to start the process — without jeopardizing current employees.

Prop E permits city employee unions to do what employee union who engage in collective bargaining can do throughout California — negotiate over retirement benefits. I'm sure you'll agree with me that this is imminently fair. It is also good business sense.

Prop E was written after many negotiating sessions with interested parties, including representatives from the business community. Their suggestions — many of which were major — were incorporated into the final draft adopted by the Board of Supervisors for voter approval.

These provisions and others insure the fiscal integrity of the Retirement system and will give the City greater flexibility to negotiate the most equitable and fiscally wise contract. In fact, Prop E could very well save the City money through improved negotiating opportunities.

Join me in working for the real change we need at City Hall. For a better, more efficient City government, join me in voting YES on Prop E.

Mayor Willie L. Brown, Jr.

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

PROP E IS A FAIR AND NEEDED CHANGE

For the City to move forward in a fiscally responsible way, occasionally we have to make changes in the way we do business.

Prop E makes sense because it allows the City more flexibility in the way it negotiates with its workers. Currently, different classes of employees have different rights with respect to collective bargaining. Prop E will establish a consistent policy for determining salaries, health benefits and retirement under one system for all City and County employees.

Prop E makes fiscal sense because it contains a cap to ensure that the Retirement Fund remains solvent — protecting San Francisco's investment in the fund.

It contains caps on the amount available to workers for benefits. This is not an unlimited benefit.

That's why I urge you to join me in voting YES on Prop E.

Prop E broadens the responsibilities of the Civil Service Commission and changes the name to Civil Service and Employee Relations Commission. In addition to the current functions, the new Commission would administer the employee relations ordinance and for the first time, enforce existing charter prevailing wage provisions on city public work projects.

This is a needed improvement to the current Charter.

I urge you to join me in giving the Mayor and the Board of Supervisors the flexibility they need to improve City services while being fair to its workers.

I urge you to Vote Yes on Prop E.

Congresswoman Nancy Pelosi

Natalie Berg, Chair, S.F. Democratic Party

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

Employment Benefits and Practices



PAID ARGUMENTS IN FAVOR OF PROPOSITION E

FOR A BETTER RUN CITY GOVERNMENT, VOTE YES ON
PROP E

For the Muni as well as all City departments to work more efficiently, we can't keep doing things the way they have been done until now.

Prop E is designed to begin the process of allowing all City departments — Muni included — to make changes in management personnel. This is vitally needed and should be supported by all those who want to see more efficiency at City Hall.

Right now only the Police Department has the ability for the head of the department — the Chief — to hire and promote a new management team to insure diversity as well as excellence in all top management personnel.

Political patronage is gone at the Police Department — replaced with a diverse group of talented managers held accountable for their work product by your Chief.

Prop E will allow other departments to follow the Police Department model. Common sense says that this good provision will insure competence, more accountability as well as greater efficiency.

They really change things that need to be changed for the better — we need Prop E to pass.

Fred Lau

Chief of Police

Emilio Cruz

Director, MUNI

Larry Martin

Vice President, International Transport Workers Union

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

Top 10 most outrageous things that Prop E WILL NOT do

10. Prop E WILL NOT cost \$50,000,000.
 - Prop E could save the City money through improved negotiating opportunities.
9. Prop E WILL NOT raise your taxes — or anybody else's.
 - It has a cap on how much is negotiable to ensure no increased taxes.
8. Prop E WILL NOT take general fund dollars away from AIDS research, the General Hospital, or anything else.
 - Retirement benefits come from the retirement system — not the general fund. Prop E frees up general fund resources and could mean more money for necessary City programs.
7. Prop E WILL NOT mean the business community will stop spending lots of money in a misleading campaign to confuse you.
 - Even though they helped create its provisions — now they are trashing it. Must be campaign time.
6. Prop E WILL NOT give the Mayor and the Board a blank check to grant huge increases to City employees.
 - It has safeguards to make sure your money is protected.
5. Prop E WILL NOT cost \$75,000,000.
 - Common sense tells you so.
4. Prop E WAS NOT written in a back hallway without public discussion and input.
 - Five provisions in Prop E were written by those who now claim they don't like the process.
3. Prop E WILL NOT fire City employees indiscriminately.
 - It grandfathers-in all current employees.
2. Prop E WILL NOT create world peace.
 - It will make City government work better, enforce prevailing wage and the merit system.
1. Prop E WILL NOT cost \$100,000,000.
 - Really, it won't.

Prop E WILL mean more efficiency and will bring fairness to the City's negotiating process. That's it.

Vote yes on Prop E.

Tom Ammiano, Member, Board of Supervisors

Howard Wallace, Co-Chair, PRIDE AT WORK*

*Title for identification purposes only

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

Employment Benefits and Practices

PAID ARGUMENTS IN FAVOR OF PROPOSITION E

FOR FAIRNESS, FOR EQUITY, VOTE YES ON PROP E

Women and people of color represent the lion's share of City workers. Prop E is designed to insure that these workers can negotiate for retirement benefits. Prop E provides for development of a consistent policy for determining salaries, health benefits and retirement under one system for all City and County workers.

We have worked long and hard to diversify the City work force, to insure that people of color and women make a decent wage and are eligible for promotion opportunities. We should not turn back the hands of time — especially because big downtown businesses want to maintain the status quo.

Nothing in Prop E will open up the flood gates of excessive City costs. Prop E contains a provision that, even with negotiations, the benefits provided cannot exceed benefits already begin given by the average of the ten largest cities in the area. That's it.

Prop E is about fairness. Prop E is about equity.

Finally, Prop E will insure that fair wages are paid for City projects. This is an important provision for our community to support.

The process was fair, the results are good. We need Prop E. We urge you to join us in supporting and voting Yes on Prop E.

Supervisor Amos Brown

Eva Patterson

Supervisor Mabel Teng

Supervisor Michael Yaki

Andrea Shorter, City College Trustee

Steve Phillips, President S.F. Board of Education

Willie B. Kennedy, Bart Director and Former Supervisor

Jose Medina, Police Commissioner

Sabrina Saunders, S.F. Democratic County Central Committee Member

Victor Marquez, Executive Director, La Raza Centro Legal

Maria X. Martinez, President, S.F. Arts Democratic Club

Criss Romero, Co-Chair Aguilas

Juanita Owens

Ruth Picon

Christina Olague, HMGLBTDC

Robert Morales, Secretary-Treasurer, Teamster's Local 350

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

SUPERVISOR BARBARA KAUFMAN SUPPORTS PROPOSITION E

I take Charter reform very seriously and support only those amendments that make sense.

I support Prop E for two reasons: accountability and fairness.

Prop E will bring greater accountability to city government by giving the Mayor the authority to make mid-level management changes in order to positively affect public policy. Sometimes the wheels of government grind to a halt because the bureaucracy has stopped them. Prop E will shake up the bureaucracy and move these wheels forward, allowing the Mayor and the Board of Supervisors to get things done.

While accountability is important, so is fairness. Our City's workers, the men and women who put themselves on the line for public safety and delivery of City services, deserve fairness. Police officers, firefighters and other City workers, who were hired in different years now have substantially different benefit packages. By standardizing the negotiating process we can create a level playing field for City workers. Passage of Prop E will bring San Francisco in line with other cities in California in dealing with retirement benefits.

Supervisor Barbara Kaufman

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

The current system of labor negotiations prevents The City from getting the best deal because retirement benefits are not on the bargaining table.

This measure will allow The City to include retirement benefits in negotiations in addition to salaries and work rules and will allow city officials to negotiate the best deal. It will also ensure that police, firefighters and other vital personnel receive fair compensation, making these jobs competitive positions that will attract the most qualified applicants.

Vote Yes on Proposition E.

Supervisor Kevin Shelley

Employment Benefits and Practices



PAID ARGUMENTS IN FAVOR OF PROPOSITION E

POLICE DISCIPLINARY PROCEDURES WILL IMPROVE WITH PROP E

The Mayor, the Police Chief and the San Francisco Police Commission all agree that reform is needed in the Police Department's disciplinary system. Prop E gives the Police Commission the power to make the changes needed to assure that disciplinary actions will be taken more promptly, that officers will be held accountable for their actions, and that a better system of accountability will be implemented throughout the Police Department.

Prop E gives necessary authority to the Police Commission to improve disciplinary procedures. The process right now is too cumbersome and time consuming, so that what should be routine disciplinary procedures take too long to enforce.

Rest assured, Prop E does not touch any provisions concerning the Office of Citizen's Complaints (OCC), crowd control policies or procedures applicable to cases involving allegations of excessive force, discrimination or cases involving serious injury or death. All of these would require voters' approval for changes to be made.

If you want to authorize the Chief of Police and the Police Commission to improve the SFPD's disciplinary system, give us the tools we need.

Join us in voting Yes on Prop E.

Pat Norman

Police Commissioner

Jose Medina

Police Commissioner

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

Proposition E Avoid Disputes with Arbitration

Proposition E will allow the city to use arbitration to recommend settlements in disagreements over health and retirement benefits while keeping within financial limits. Proposition E avoids the burden of putting every complicated settlement through a long and costly ballot procedure.

**Proposition E keeps a strong Office of Citizens' Complaints
and modernizes the Civil Service Commission.**

Vote Yes on Proposition E.

Walter Johnson

WOMEN — HELP BREAK THE GLASS CEILING! VOTE YES ON PROPOSITION E!!!

Let's give our elected officials the opportunity to appoint women to upper management positions in City government and let's hold them accountable.

Senator Bob Dole's Glass Ceiling Commission Report found that although women are nearly 60 percent of the workforce, they hold just five percent of senior management positions. Let's show why San Francisco is different!

Proposition E would give the Mayor the opportunity to promote more women to upper management positions in San Francisco.

VOTE "YES" ON PROPOSITION E! Vote "Yes" on equality!!!

Eva Patterson, Civil Rights Attorney

Supervisor Leslie Katz

Supervisor Mabel Teng

Patricia Chang, President Commission on the Status of Women

Andrea Shorter, Trustee, City College of San Francisco

Members San Francisco Democratic County Central Committee:

Sabrina Saunders

Martha Knudsen

*Tricia Stapleton, Past President, San Francisco National
Organization for Women*

*Sonia Melara, Executive Director, Commission on the Status
of Women*

Carolene Marks

*Ruth Picon, San Francisco National Organization for Women
PAC*

*Dawn A. Lopshire, Former Chair San Francisco National
Organization for Women PAC*

Maria Abadesco

Alice Fialkin, President, Transport Worker's Union, Local 200

Maria Elena Guillen

Bay Area Network of Latinas

Patricia M. Dunn

Susan Horsfall

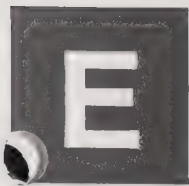
*Lawanna Preston, President Service Employees International
Union Joint Council #2*

Maria Acosta-Colon

Ellen Gavin, Brava for Women in the Arts

Beth Moseley

The true source of funds used for the publication fee of this argument was Committee for Yes on E.



Employment Benefits and Practices

PAID ARGUMENTS IN FAVOR OF PROPOSITION E

PROP E IS A FAIR AND NEEDED CHANGE

For the City to move forward in a fiscally responsible way, occasionally we have to make changes in the way we do business.

Prop E makes sense because it allows the City more flexibility in the way it negotiates with its workers. Currently, different classes of employees have different rights with respect to collective bargaining. Prop E will establish a consistent policy for determining salaries, health benefits and retirement under one system for all City and County employees.

Prop E makes fiscal sense because it contains a cap to ensure that the Retirement Fund remains solvent — protecting San Francisco's investment in the fund.

It contains caps on the amount available to workers for benefits. This is not an unlimited benefit.

That's why I urge you to join me in voting YES on Prop E.

Prop E broadens the responsibilities of the Civil Service Commission and changes the name to Civil Service and Employee Relations Commission. In addition to the current functions, the new Commission would administer the employee relations ordinance and for the first time, enforce existing charter prevailing wage provisions on city public work projects.

This is a needed improvement to the current Charter.

I urge you to join me in giving the Mayor and the Board of Supervisors the flexibility they need to improve City services while being fair to its workers.

I urge you to Vote Yes on Prop E.

Natalie Berg, Chair, S.F. Democratic Party

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

"We Need Prop E"

As a former President and member of the Civil Service Commission from 1988 – 1993, I enthusiastically urge a yes vote on Proposition "E". This charter amendment expands the powers and authority of the Civil Service Commission in a manner that protects the merit system. Under this new law, the prevailing wage requirements of our city charter would be enforced whereas, until now, no city entity has had that authority.

Proposition E requires that members of the Civil Service and Employee Relations Commission possess both the interests of labor and management on the subjects of employee relations and personnel administration. This positive change will assist the Commission in its deliberations and provide greater assurances of neutrality. VOTE YES ON PROPOSITION E.

Grant Mickins

Former President and Member

San Francisco Civil Service Commission

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

PROP E DESERVES YOUR YES VOTE

Prop E is about fairness.

Real change doesn't diminish our rights — real change moves us forward towards the future.

I urge you to join me in supporting Prop E because it was drafted to correct some very real problems we didn't fix in the Charter reform we approved last year. Mainly, it allows a more standard policy of negotiating with our police and firefighters along with other City employees. It gives the Police Commission the right to correct disciplinary regulations they can't correct now, and it will promote the merit system for management employees.

That means more efficient City government.

Lawrence Wong

President, San Francisco Community College Board

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

Employment Benefits and Practices

E

PAID ARGUMENTS IN FAVOR OF PROPOSITION E

PROP E FEATURES STRONG PROTECTIONS FOR THE SAN FRANCISCO RETIREMENT SYSTEM

I am a trustee of the San Francisco Retirement System and a San Francisco taxpayer. This statement reflects my personal opinion, along with that of Board President Casciato that Prop E should be approved — it is not an official position of the Retirement Board.

Our Retirement system is very well funded, with assets over 109% of total liabilities, even though we consistently apply very conservative assumptions.

According to analysis prepared by Retirement System Actuary Kieran Murphy, Prop E's *strict controls* on bargaining will:

- Restrict bargained retirement benefits to levels provided other California public employees,
- Safeguard the 100%+ funded status of the Retirement System;
- Place the final decision on increasing retirement benefits in the hands of the Board of Supervisors and the Mayor, not an arbitrator,
- Ensure the tax-qualified status of the Retirement System.

These features build in strong protections for the Retirement system and City taxpayers, and will allow the City to provide more by negotiation from the Retirement System and less from its General Fund. That's good for the City and General Fund-supported services.

San Francisco retirement benefits are not comparable to benefits provided elsewhere, and have not been improved in over 20 years. Some employee organizations are now negotiating alternative benefits paid from the City's General Fund, to make make up for their lower retirement benefits. That's not good for the City.

Every jurisdiction that we know of in California bargains retirement benefits — except San Francisco, which requires a vote of the people to make even small changes in retirement benefits. This inflexible, outdated approach has hurt the City's efforts to bargain equitable overall compensation packages.

I urge you to vote YES on Prop E.

Herb Meiburger

Commissioner, San Francisco Retirement System

CHARTER REFORM THAT MAKES GOOD SENSE — PROP E

Last year, after a long, exhaustive process, the voters approved major revisions to the Charter intended to make City government more efficient. The goal of this reform was to improve the delivery of vital City services by cutting duplication and eliminating some of the outdated sections of the document.

One major area of City government was omitted from the Charter reform last year — standardizing the negotiating process between the City and its employees.

That's why Prop E is now before you. It takes up where last year's reform left off.

We represent police officers, firefighters and City workers. We clearly have a stake in your YES vote. We also believe that Prop E is fair and fiscally responsible.

Prop E was subjected to three public hearings, hours and hours of meetings, and much give and take. Prop E was crafted after looking at how other cities deal with comparable issues, and in keeping with past practices of our City.

We believe that Prop E will bring more accountability and efficiency to the City work force. Prop E will bring fairness to the process as well.

Please vote YES on Prop E.

Josie Mooney, President

S.F. Central Labor Council

Al Trigueiro, President

S.F. Police Officers Assoc.

Jim Ahern, President

S.F. Firefighters Local 798

The true source of funds used for the publication fee of this argument was Committee for Yes on E.



Employment Benefits and Practices

PAID ARGUMENTS IN FAVOR OF PROPOSITION E

FAIRNESS AND ACCOUNTABILITY ARE BEDROCKS OF GOOD MANAGEMENT

As a business person, I would never invest in or own a business which has the diffuse management accountability of the City and County of San Francisco. Prop E strengthens management's hand by giving the power to negotiate to the City.

Currently, benefits for San Francisco Police Officers are significantly below those of other cities. I have personal knowledge of native San Franciscans whose hearts are in the City, but who have had to work in other departments because of family financial pressures. Common sense dictates that we must turn this inequity around if we are to continue to recruit the best possible new officers to protect our streets.

Beyond this management argument, there is a larger issue of fairness and justice for those officers currently serving us. The men and women of the Police Department risk their lives to protect us every day. Watching Jim Guelff's kids walk behind his casket at the funeral following his tragic death at Pine and Franklin Streets was a dramatic reminder of the pain and loss the families of the 91 officers who have lost their lives in the line of duty have had to endure.

The men and women of the San Francisco Police Department have always been there for us. A vote for Prop E, which will raise their benefits to parity with other departments, is not only fair — it is just. We should not be apologetic about this. Rather we should be proud to come through for these courageous men and women who deserve our support.

Gibbs W. Brown
CLU, ChFC

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

PROP E WILL HELP KEEP CITY HEALTH CARE COSTS DOWN

There have been many misleading statements made about Prop E in an effort to confuse the facts. Here are the facts:

- Prop E will establish a consistent policy for determining salaries, health benefits and retirement under one system for all City and County workers.
- Currently, workers have the right to bargain over how much health care costs can be reimbursed by the City. Prop E won't change this.
- Because the City does not currently negotiate with health care carriers, it is forced to accept a plan that may not be as fiscally prudent as it should be. Employees are compelled to pay whatever costs for the plan are established. Prop E will change this and allow bargaining over the level of benefits — providing a more fiscally prudent management of health care costs for both the City and its workers.
- Prop E will allow workers the right to negotiate with health care carriers that certain drugs and treatments for AIDS and other diseases be included in their coverage.
- Prop E will allow workers to bargain for a plan that allows them to get their health care at San Francisco General Hospital, helping to keep this vital City service open.

Don't be fooled. In a review of Prop E the City Attorney said it does not allow a separate health care trust. Prop E will allow cost containment of health benefits for workers. Workers will receive increased benefit opportunities if and only if they can make a better deal with a carrier. Instead of profits going to health care companies, Prop E can require that they reduce the costs to the City.

This makes good business sense for the City.

Vote Yes on Prop E.

Claire Zvanski, Member, Health Service System

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

Employment Benefits and Practices



PAID ARGUMENTS IN FAVOR OF PROPOSITION E

PROP E MAKES GOOD BUSINESS SENSE

We, as members of the business community, urge you to vote YES on Prop E.

We do so for one overriding reason — this measure was worked out after a series of meetings with representatives from the business community and the Committee on Jobs who voiced their ideas and saw those ideas put into this final document submitted for voter approval.

Prop E contains fiscal controls to *guarantee the sanctity of the retirement fund*, and *eliminate any possibility of higher taxes*. To say anything else is just not true.

In particular, business community representatives were responsible for suggesting the following ideas included in Prop E:

- **90% cap:** They proposed assurances that any retirement benefits negotiated will not cause the funded status of the retirement system to fall below 90%. This good idea exists in Prop E.
- **Limit on Benefits:** They proposed additional caps on the retirement benefits that could actually be negotiated. This good idea exists in Prop E. It provides that major components of any new benefit provisions under the retirement system may not exceed either the *average* components of the pension plans of the ten largest cities in California, or the *average* components of the PERS plan for state safety and miscellaneous employees.

Other good ideas to strengthen the plan were added at the business community's suggestion. THE BUSINESS COMMUNITY PARTICIPATED IN THE PROCESS IT IS NOW COMPLAINING ABOUT.

Before the Committee on Jobs spends \$500,000 to maintain the status quo, you should know the facts. Don't be fooled by the rhetoric.

We join Mayor Brown in urging you to support Prop E.

Maria X. Martinez, Business Owner

Peter Ridet, Owner Tosca Cafe

Fernando Tafoya, Laguna & Tafoya

The true source of funds used for the publication fee of this argument was Committee for Yes on E.

SAN FRANCISCO'S POLICE OFFICERS NEED PROP E

I have been privileged to serve San Francisco both as Police Chief and as a member of the Board of Supervisors. As Police Chief, I knew all too well how badly the retirement and death benefits of San Francisco's police compared to those anywhere else in the Bay Area and throughout California. I knew how badly the comparison hurt morale, and how hard it made it to recruit for our police force.

The chance to improve retirement benefits through collective bargaining was one of the major reasons I joined several other former Police Chiefs in supporting Proposition D in 1990. But due to a court ruling, retirement benefits still remain off-limits for collective bargaining. Prop E adds retirement benefits to all the other categories — salaries, other benefits, most working conditions — that the City now adjusts through collective bargaining.

The new measure includes several financial "caps" that limit benefits to no more than the average elsewhere and protect the funding of San Francisco's retirement system. It also allows the Board to insist that increased retirement benefits are "traded off" against more modest increases in salaries or other benefits, and to veto any arbitration awards that might fail to make appropriate trade-offs.

Prop E offers a sensible way of providing long overdue improvements in retirement benefits for police and other City employees, while allowing the City to make the necessary changes in the most efficient way.

I urge you to vote YES on Prop E.

Al Nelder

Retired San Francisco Chief of Police

The true source of funds used for the publication fee of this argument was Committee for Yes on E.



Employment Benefits and Practices

PAID ARGUMENTS IN FAVOR OF PROPOSITION E

PROMOTE GAYS AND LESBIANS IN CITY GOVERNMENT VOTE YES ON PROPOSITION E!

A vote for Proposition E is a vote for increased representation of gays and lesbians at the upper levels of City government.

We need to provide the Mayor and the Board of Supervisors with the tools they need to make City government work. Proposition E is the essential tool.

VOTE YES on giving gays and lesbians, women, people of color and other City employees the power to negotiate over retirement benefits — something every other employee in California can do.

Last year the voters approved Charter Reform and increased our communities voice by providing for gay and lesbian representation on commissions and boards and removing discriminatory language. This year, we urge you to VOTE "YES" ON PROPOSITION E to continue the battle for inclusion of our community!

VOTE YES on increasing the number of gays and lesbians in
City government!!!

FOR FAIRNESS AND DIVERSITY VOTE YES
ON PROPOSITION E!!!

Alice B. Toklas Lesbian and Gay Democratic Club
Harvey Milk Lesbian/Gay/Bisexual Democratic Club
Lawrence Wong, President S.F. Community College Board
Michael Housh, Administrative Assistant to Supervisor
Tom Ammiano

Vince Quackenbush
Greg Day
Rick Hauptman
Phillip Babcock
Supervisor Leslie Katz
Kevin Piediscalzi, Co Chair Alice B. Toklas
Jack Gribbon
David Spero
Howard Wallace
Maria Salazar
Juanita Owens
Ellen Gavin
Jo Kuney
Rebecca Prozen
Carole Cullum
Maggi Rubenstein
Margo St. James
Michael Colbruno, Legislative Aide, Assemblywoman
Carole Migden
Andrea Shorter, City College Trustee
Carol Stuart, Press Secretary Senator Milton Marks

The true source of funds used for the publication fee of this argument was
Committee for Yes on E.

Employment Benefits and Practices

E

PAID ARGUMENTS AGAINST PROPOSITION E

Proposition E is a \$50,000,000 special interest give-away! This boondoggle removes San Francisco voters' ability to approve (or disapprove) retirement benefit increases for city workers. Prop E abolishes voters' rights. In 1976 voters overwhelmingly approved Proposition L, which developed a new formula for retirement benefits for city workers. I know: I was an author of that measure which was designed to control government spending. Proposition E is an indignity and affront to the citizenry of San Francisco. It was conceived in dark hallways and secret chambers by fat-cat lobbyists and lawyers representing bloated, top-heavy unions which want San Franciscans to sign a blank check by allowing the Board of Supervisors and Mayor to grant city employee increases. For shame!!! This measure was hidden from the public until literally the "11th hour", and then ordered to the ballot by a supine Board of Supervisors which didn't have the backbone to allow genuine public exposure or to say "no" to rapacious city employee unions.

As if repudiating the electoral process on retirement benefits weren't enough, Prop E imposes a patronage system unwitnessed in my 25 years of elected office serving San Franciscans. Proposition E removes civil service protections for 400 - 500 administrators, making them political appointees. Moreover, it abolishes the Civil Service Commission, the nonpolitical agency which administers the rules governing city employees and prevents favoritism.

The late John Barbagelata and I fought to close costly loopholes which drained our city resources. We succeeded as vigilant watchdogs of our city's coffers. Now, 20 years later, Proposition E undermines the electoral process and fundamental principles of sound public policy and fiscal responsibility. **VOTE NO ON PROPOSITION E!!**

Quentin L. Kopp

Director, San Francisco Taxpayers Association

A Riddle

Question: Why is it called Prop. E?

Answer: It's the most *Expensive* thing on the ballot.

Ron Norlin

Small Business Owner

Mission District Activist

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway, No on Prop. E

Stop the \$50 million a year Giveaway: Vote NO on Prop. E

After five straight years of city budget deficits approaching \$100 million, you would think City Hall would be focusing on how to control costs and improve efficiency to preserve city services, right?

Guess again. Lawyers and lobbyists for the City's biggest labor unions have given us Prop. E — a measure which would remove the requirement that San Francisco voters approve retirement benefit increases for city workers. The actuary for the City retirement system and the City Controller estimate the measure will cost **\$50 million per year in increased benefits for city employees**, who already are among the highest paid workers in the state.

Prop. E also will **dramatically increase the cost of providing health benefits to city workers**. Currently, all city workers are covered by one health care plan. The unions which drafted Prop. E want each union and bargaining unit (there are 40 city unions) to be able to bargain for and administer its own health plan. This will eliminate the economies of scale of the current system and drive up costs.

Prop. E paves the way for patronage politics. Prop. E strips civil service protections for 400 managers in city government making them political appointees. At the same time, it eliminates the Civil Service Commission, the watch dog agency which administers the rules governing the employment of city workers.

Prop. E is a cynical power grab. Vote NO.

SAN FRANCISCO REPUBLICAN PARTY

Arthur Bruzzone, Chairman

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway — No on E.

Proposition E subverts the democratic process.

Proposition E will give the mayor extensive patronage powers.

Carte Blanche is a credit card, not the mayor's job description.

Vote NO on Proposition E!

Harold M. Hoogasian

Candidate for Supervisor

The true source of funds used for the publication fee of this argument was Hoogasian for Supervisor.



E

Employment Benefits and Practices

PAID ARGUMENTS AGAINST PROPOSITION E

VOTE NO ON PROPOSITION E — A \$50 MILLION DOLLAR GIVE-AWAY!

Proposition E is nothing but an insidious method by which San Francisco taxpayers relinquish literally all voting rights on pension and health benefits for city employees. And what's the payoff for taking such an outrageous risk? There is none. The only profiteers of the measure are city politicians who incur inordinate power and city employees whose collective benefit increases will likely add up to \$50 million per year — money that will be extracted from taxpayers' pockets.

Ignoring the voice of the voter in determining the amount of compensation for city employees is fiscal lunacy. But that's exactly what the lawyers and lobbyists who conjured up this plan intend. Removing the obstacle of a majority vote approval for pension and compensation changes paves a smooth road for excessive compensation benefiting only special interests. And while city employees skip down "Easy Street" to increased benefits, taxpayers endure a rocky road as they attempt to meet financial demands they never approved! The voice of the voter should be amplified in city government, not silenced — especially when it's the voter who foots the bill. Do not lose your voice!!! Shout "NO" on Proposition E, and retain taxpayer oversight of city spending which has existed since 1932.

Quentin L. Kopp

Kopp's Good Government Committee
Cheryl Arenson

Prop E is bad legislation. It will allow city employees to bargain for more than \$1 billion in retirement benefits and eliminates the current voter approval safeguard. The result could increase city costs by \$50 million per year.

Prop E abolishes the city's long-standing Civil Service Commission and replaces it with a new commission less independent from city politics.

Prop E establishes a patronage-based hiring of over 400 city jobs further politicizing city government.

Prop E promises to be very expensive without benefit to the taxpayer. **Vote No on E.**

G. Rhea Serpan

President & CEO
San Francisco Chamber of Commerce

The true source of funds used for the publication fee of this argument was San Francisco Chamber of Commerce 21st Century Committee.

Join Supervisor Susan Leal: Vote No on Prop. E

I am urging you to vote against Prop. E for the same reasons I voted against placing it on the November ballot.

Prop. E will increase the cost of city government, threatening our ability to provide vital services. The City's own financial analysts have determined Prop. E will allow the City to grant **\$50 to \$100 million per year** in enhanced retirement benefits without voter approval. **These additional costs might impact the City's General Fund, reducing our ability to deliver essential services such as public health.**

Prop. E will bring about inefficiency and waste in the City employee's healthcare and retirement plans. Under current law, all city employees are in centralized health and retirement plans. Prop. E will undermine these centralized plans and create dozens of less efficient plans, leading to **increased administrative costs, higher premiums and lower benefits.**

Vote No on Prop. E. Protect City Services.

Supervisor Susan Leal

Proposition E — A Myriad of Unanswered Questions

Proposition E would expand the collective bargaining process for city employee unions to include retirement benefits, among other things. The proposition was drafted behind closed doors and not made public until a few days before the deadline for submitting measures for inclusion on the ballot.

The proposition is complex and far-reaching and insufficient time was allowed for its procedural and financial aspects to be analyzed and publicly debated. A myriad of questions remain concerning the implications of the proposition for San Francisco, particularly the anticipated cost of increased retirement benefits for city employees. Estimates from city officials range from an additional \$50 million to \$130 million a year for 20 years.

Proposition E should be further reviewed and changed, if necessary, to assure that it will not have significant adverse consequences for the city. It was placed on the ballot prematurely and should be rejected.

Vote NO on Proposition E.

San Francisco Association of REALTORS

Employment Benefits and Practices



PAID ARGUMENTS AGAINST PROPOSITION E

Vote NO on Proposition E! It's a power-grab that does nothing for the citizens of San Francisco. Think about it for a moment — what does it do for you? It *takes away* your power to control retirement benefits for City employees, it *reduces* the authority of the Civil Service Commission to set rules for those employees, and it makes 350 City jobs subject to *political appointment*. On top of all that, the Controller says it could cost \$50 million to \$100 million annually. How do you win?

This is the proposal that had so much bad notice in the newspapers. It got developed in private and had almost no review at the Board of Supervisors. The process was called "friggin pathetic" by one supervisor. Now it is before you for vote.

Do you want to depend on 350 at-will political appointees to manage the services you expect to receive from the City? Most of them will have little knowledge of the day-to-day operation of the City.

How do we improve government by making Personnel Officers, Food Service Managers, and Assistant Marina Managers political appointees? By repaying election supporters?

Politics belongs in the Mayor's office and the Board of Supervisors' office. Keep it out of the administration of the services you need daily. *Vote No* on making mid-managers political appointees.

Raymond R. Sullivan

Management Representative

Municipal Executives Association

The true source of funds used for the publication fee of this argument was Municipal Executives Association.

SPUR urges you to protect the civil service hiring system — **VOTE NO on PROPOSITION E.**

Proposition E will give control of the Civil Service Commission to the Mayor and allow the Board of Supervisors to interfere in adoption of rules governing the hiring city employees. It will permit patronage-based hiring of over 400 city employees.

Proposition E will allow the Board of Supervisors to grant city workers huge pension increases, at a cost of tens of millions of taxpayers' dollars, without any guarantee of improved services or salary savings.

SPUR favors full collective bargaining and new procedures for holding managers accountable for the best delivery of city services. Unfortunately, Proposition E is not the answer.

VOTE NO on Proposition E.

SPUR

How did Proposition E get on the ballot?

It was rushed through the Board of Supervisors after two public hearings, after months of closed meetings between the Mayor and some labor leaders to the exclusion of the Board, the City Attorney's Office, the Municipal Executives Association, the business community, neighborhoods, taxpayers, and the public.

Like most rush jobs, Proposition E. is a costly mistake which will cost our overburdened taxpayers another \$50,000,000 per year. But most of the cost of the legislation is not just in dollars and cents.

Proposition E, would create up to 380 new patronage jobs for the Mayor. Currently, these middle managers are protected under the Civil Service System and are represented by the Municipal Executives Association.

More ominously, Proposition E would replace the largely independent Civil Service Commission with a new Employee Relations Commission appointed by the Mayor, which would focus on disputes between city workers and the City, rather than supervising the time-honored civil service and merit systems. Those systems would be controlled jointly by the new commission, the Mayor, and the Board of Supervisors, ensuring the complete politicization of the process.

We could face a situation in the near future where the unions or special interests could do away with merit examinations altogether and all 25,000 city employees could become "at-will" employees of the Mayor's.

We don't need Chicago-Style politics in San Francisco

Vote No on Proposition E.

Manuel A. (Manny) Rosales

Candidate for the Board of Supervisors

The true source of funds used for the publication fee of this argument was Committee to elect Manny Rosales for Supervisor.

E

Employment Benefits and Practices

PAID ARGUMENTS AGAINST PROPOSITION E

As a 25-year career civil service employee, and San Francisco resident and taxpayer, I urge No on Proposition E.

Don't be fooled by political flimflam. Buried under the glitzy camouflage of collective bargaining are unrelated political schemes. It's politics and deal-making at its unscrupulous best!

The "new" commission is unnecessary. This is simply political maneuvering to scrap the existing independent Commission and replace it with a panel and personnel system deviously designed to be vulnerable to special interest influence and political manipulation.

Evicting hundreds of managerial jobs from the competitive career service will allow politicians to fill high-paying positions based on "who" and not "what" one knows. San Francisco will regress to the moral scourge of a Nineteenth Century spoils system where political patronage, favoritism, and nepotism rule.

Filled with inconsistencies, inaccuracies, redundancies; drafted with selective input — it devastates management and promotes a political takeover of public employment.

City Hall — not Tammany Hall!

No on Proposition E.

Albert C. Walker

Executive Officer, Civil Service Commission*

*For identification purposes only

The true source of funds used for the publication fee of this argument was Albert C. Walker.

This measure will setup a corrupt political patronage system that will permit the mayor to fire opponents and hire hundreds of friends.

Giving unqualified political hacks high-paid city positions is no way to create efficient government.

Joel Ventresca

Past President, Coalition for San Francisco Neighborhoods

Vote No On Proposition E.

Proposition E is a bad idea. Its placement on the ballot may meet the legal requirements, but it sure falls short in meeting the high standards that San Franciscans place on participatory democracy.

San Francisco Tomorrow

Minority and Women Business People Oppose Prop. E

Proposition E is bad for San Francisco's small minority- and women-owned businesses. Prop. E will take away San Francisco voters' ability to vote on costly benefits increases and increase the cost of San Francisco city government by as much as \$50 million per year. This surely will result in new taxes directed at our community.

Prop. E eliminates the Civil Service Commission, the agency that protects the City against political patronage hiring and prevents City Hall from turning into Tammany Hall.

Prop. E sets up a new Employee Relations Commission which will have the power to levy fines and impose sanctions against small minority and women businesses which do business with the City. The City should be helping to grow minority- and women-owned businesses, not setting up new bureaucracies and burying us in more red-tape.

Please vote NO on Prop. E!

Carolyn Garretz, President

Continental Building

Gwendolyn D. Kaplan

Business Owner

Thomas A. Lewis

Gitane Waterproofing and Painting

Manuel A. Rosales, President

California Hispanic Chamber of Commerce

Syndi Seid

Business Owner

Albert Seto, President

Asian American Contractors Association

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway, No on Prop. E.

Employment Benefits and Practices

E

PAID ARGUMENTS AGAINST PROPOSITION E

Join former Supervisor Annemarie Conroy, Vote No on Prop. E

As a San Francisco Supervisor, I focused on reducing waste and inefficiency in city government, saving a total of \$82 million. I am deeply concerned about Proposition E, and I urged the Board of Supervisors not to place it on the ballot.

I support fair benefits for city workers. However, Prop. E eliminates the voters' right to vote on potentially enormous benefits increases. Prop. E will cost voters between \$50 and \$100 million per year in increased pension benefits costs, according to the City's own financial experts.

Prop. E eliminates the Civil Service Commission, which helps to determine the qualifications and exams for city job applicants, and dismisses the current commissioners. Prop. E also will strip civil service protections from nearly 500 high-paying city jobs, making them political appointments. Prop. E would return San Francisco to an era of patronage and the spoils system. Let's not build a political machine with taxpayer money.

Prop. E would be disastrous for our City's future. As a native San Franciscan who cares deeply about the City, I emphatically urge you to vote no.

Former Supervisor Annemarie Conroy

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway, No on Prop. E.

Welcome to Willie Brown's **POWER GRAB**.

A strong Civil Service is what a **true democracy** is all about.

It brings power *closer* to the People — **not to political manipulation**.

Adam Sparks

Candidate for San Francisco School Board

The true source of funds used for the publication fee of this argument was Friends of Adam Sparks for School Board.

Prop. E is bad government

All of the undersigned have extensive experience in San Francisco city government — some as elected or appointed officials, others as professional managers. We all agree that **Prop. E is bad government**. Prop. E eliminates San Franciscans' right to vote on costly retirement benefit increases, but offers them nothing in return. Read the Controller's official statement. It says Prop. E will allow city employees unions to bargain for up to an estimated \$1.1 billion in additional retirement benefits — benefits it will cost the city more than \$50 million per year to pay off.

Prop. E eliminates the Civil Service Commission, the independent agency which administers the tests for city employment and ensures that city employees are chosen on the basis of merit, not patronage. Prop. E also strips the civil service rights of more than 450 city managers, making them political appointees.

Above all, the process by which Prop. E was placed on the ballot was profoundly undemocratic and an embarrassment to the city.

Join us in voting No on Prop. E.

Roger Boas

Former Chief Administrative Officer

Lee Dolson

Former Supervisor

Cleo P. Donovan

Former Civil Service Commissioner

Jack Ertola

Former San Francisco Supervisor

Peter Henschel

Former Deputy Mayor

Jim Lazarus

Former Deputy Mayor

Rose Lou Randolph

Assistant General Manager

Department of Social Services, retired

Raymond R. Sullivan

Former City Budget Director

John J. Walsh

General Manager

Personnel, Civil Service Commissioner, retired

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway, No on Prop. E.



Employment Benefits and Practices

PAID ARGUMENTS AGAINST PROPOSITION E

Vote No on Prop. E

There is an old saying that laws are like sausages: Even if you like the end product, you certainly don't want to see how either is actually made. The same is true of Proposition E — when you consider how it got on the ballot, you will lose your appetite:

- The measure was drafted by lawyers and lobbyists over three months of behind-closed-doors meetings.
- The measure was submitted to the Board of Supervisors without any review by the City Attorney's office.
- The measure was rushed through the Board of Supervisors' Rules Committee after just one public hearing. No analysis of the measure's legal or cost impacts was available to the public.
- The measure was voted on by the Board of Supervisors after the official deadline for submission of ballot measures.
- At least one city union already has threatened to sue the city for violating state meet-and-confer laws in the rush to get the measure to the ballot.

All of the undersigned have worked tirelessly in support of clean and open government. The process which created Prop. E is an embarrassment to the City and a lesson in how not to make city law. Vote NO.

Tony Kilroy

Environmentalist

Byron McQuarters

Chairperson, San Francisco Sunshine Ordinance Taskforce

Regina Sneed

Environmentalist

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway, No on Prop. E.

Don't support backroom deals, Vote NO on Prop. E

All of the undersigned have worked for years in support of "sunshine" laws to prevent city officials from drafting laws in private and to make it easier for average San Franciscans to get information about important decisions and policies.

We are surprised and deeply disappointed by the process through which Prop. E, the collective bargaining revision measure, was placed on the ballot.

Prop. E was drafted behind closed doors by lawyers for several city unions, submitted to the Board of Supervisors' rules committee before it could even be reviewed by the City Attorney, and pushed through the Board of Supervisors amidst a flurry of confusing amendments.

One supervisor called the process by which Prop. E was rushed to the ballot "frigging pathetic," another compared it to the street hustlers' game three-card monte.

While all the undersigned support fair pay and benefits for city workers, backroom deals like Prop. E erode public confidence in government. **We urge you to vote no.**

Ramona Albright

Secretary, Coalition for San Francisco Neighborhoods*

Jim Lazarus

Terry Micheau

Board Member, SPUR

Dick Morten

Lorin Rosemond

Transit Planner

Evelyn L. Wilson

Community Activist

*for identification purposes only

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Employment Benefits and Practices



PAID ARGUMENTS AGAINST PROPOSITION E

EXTRA, EXTRA

Read what San Francisco's newspapers are saying about Prop. E.

The "...labor-backed collective bargaining ballot measure could force The City to pay \$100 million more a year in retirement benefits, according to a worst-case scenario analysis by the city controller. The would be almost twice as much The City now pays out of the general fund for libraries, recreation and museums."

S.F. Labor Measure: \$100 Million Cost?

San Francisco Examiner

8-26-96

"...Prop. E has problems, aside from the fact that \$30 to \$50 million could be better spent restoring city services battered in recent years. Labor union representatives are gambling that they can do better for city employees by negotiating with City Hall... And history is on the unions' side, not the taxpayers."

Labor Unions' Tin Cup

CityVoice

8-15-96

"It's fortunate that voters need only one hand to cast their votes come Election Day, because...they may want to have the other hand on their pocketbooks...of course, there is the mother of all proposed ordinances, Proposition E, the Employee and Labor Relations proposal...according to the Retirement System's chief accountant, the annual cost could be as much as \$50 million."

Taxpayer, Beware

San Francisco Independent

8-13-96

"(Prop. E) would radically alter the City's civil service structure giving the mayor direct authority over hundreds more middle-management jobs. We'd have a spoils system here that would have made Andrew Jackson proud....I'm pro-labor, but I haven't forgotten that taxpayers are workers, too. The estimated \$50 million price tag would be paid out of their pockets."

One Supervisor Defied the Mayor

Scott Winokur

San Francisco Examiner

8-6-96

Read all about it, Prop. E is bad for San Francisco

San Franciscans to Stop the Giveaway

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway, No on Prop. E.

THE AUTHORS OF PROPOSITION E FORGOT OUR NEIGHBORHOODS

Proposition E, written by lobbyists behind closed doors without consulting any member of the public, was rushed through the Board of Supervisors with little concern for the public's right to know. The authors of Proposition E apparently did not believe that those of us who live west of Twin Peaks matter.

Proposition E will remove from voters the ability to set retirement benefits for City Employees. This cherished right, a cornerstone of the City Charter, was established more than 50 years ago. If Proposition E wins, benefits will be negotiated behind closed doors and ratified by the Board of Supervisors — WITHOUT YOUR VOTE.

The Controller and the actuary for the City Retirement system say that Proposition E will cost San Francisco taxpayers \$50,000,000 more per year. That's frightening. We can't afford this kind of backroom deal.

**STOP THE BACKROOM POLITICS AND LISTEN TO
THE NEIGHBORHOODS — VOTE NO ON E**

Vivienne Antal, V.P., Board of Directors

Miraloma Park Improvement Club

Art Belenson, West Portal Merchant

David Bisho

Joseph Bisho

Rich Gunn, Small business advocate

Jim Herlihy, Lakeside Property Owners Association

Mark Miller, Past-President

Robert F. Kennedy Democratic Club of San Francisco*

Diane Z. Onken, West Portal Business Owner

Member, West Portal Avenue Association

Donald F. Onken, St. Francis Wood resident

Bruce Selby, Past-President

Lakeshore Acres Improvement Club

Shirley Selby

John and Bernice Shanley, Sunset homeowners

Bud Wilson, Past-President

Greater West Portal Neighborhood Association

Karen Miller Wood, Past-President

Miraloma Park Improvement Club

*for identification purposes only

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway, No on Prop. E.



Employment Benefits and Practices

PAID ARGUMENTS AGAINST PROPOSITION E

PROP E IS BAD GOVERNMENT.

The supporters of Prop E never explain why the voters are being asked to gut the City's civil service merit system.

As concerned citizens, we support fair pay, pensions and health benefits for city workers.

But, the City must protect the merit system, so city workers are hired and promoted on the basis of competence, not political spoils and patronage. **Prop E would allow our current Mayor and future Mayors to appoint 400 middle management employees on a patronage basis, without any exams to test their ability.**

Prop E discriminates against one union. Only managers represented by the Municipal Executives Association could be fired at will by the Mayor. Managers represented by other unions, including most Muni managers, would retain their job protection.

Also, Prop E would eliminate the independent Civil Service Commission, where commissioners now serve six year, staggered terms, to insulate the commissioners from political pressure. **The only reason the sponsors of Prop E want to abolish the independent Civil Service Commission is to remove its protection of the merit system.** The Board of Supervisors can assign new duties to the Commission by ordinance. No charter amendment is necessary.

Prop E would be very expensive. Added pension costs could far exceed the \$60 million estimated by the Retirement System's actuary.

VOTE NO ON E

*George Kosturos, Member
Civil Service Commission**

*A. Lee Munson, Member
Civil Service Commission**

Cleo P. Donovan, Former Civil Service Commission

Ellen Magnin Newman, business owner

*For identification only

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway, No on Prop E.

San Francisco's Business Community Opposes Prop. E

The organizations and activists representing San Francisco's merchants, small businesses and major employers all agree: Prop. E is bad for San Francisco.

Read the City Controller's analysis of the measure: Prop. E will give city employees groups the power to bargain for more than \$1 billion in new retirement benefits *without voter approval*. The actuary for the City retirement system says Prop. E will cost the City an additional \$50 - \$100 million *per year*.

Prop. E will fragment the City's healthcare delivery system for city employees increasing costs and hurting efficiency.

Prop. E also will eliminate the City's Civil Service Commission, the watchdog which regulates the City's hiring and employment practices and prevents patronage hiring. Prop. E undermines the independence of the commission which is most vital to ensuring that city jobs are awarded based on merit, not politics.

Finally, Prop. E was placed on the ballot without sufficient review and due process. San Francisco's business community and financial experts would welcome the opportunity to come to the table and work out a better alternative. However, Prop. E is simply a bad law.

Use your good judgment and vote NO on Prop. E.

G. Rhea Serpan

President, San Francisco Chamber of Commerce

Sandra L. Boyle

President, Building Owners and Managers Assn.

Stephen Cornell, Legislative Representative

San Francisco Council of District Merchants

Jim Fabris

Exec. V.P., San Francisco Association of Realtors

Gianni Fassio

President, Golden Gate Restaurant Association

Rich Gunn, Small Business Advocate

Scott Hauge, Small business activist

Delegate, S.F. Council of District Merchants

Doug Shorenstein, Chairman, Committee on Jobs

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway, No on E.

Employment Benefits and Practices

E

PAID ARGUMENTS AGAINST PROPOSITION E

Take a closer look at Prop. E

The undersigned are all strong proponents of organized labor and collective bargaining rights, but we are concerned about how Prop. E could undermine the current system for disciplining San Francisco police officers who break the rules and violate the rights of others.

The rules for disciplining police officers for misconduct are set in the City Charter; changing the rules would require a vote of the people. For years, the Police Officers Association has tried to lift the requirement that voters approve any changes to current police discipline procedures. The POA would like to negotiate disciplinary procedures as a part of contract negotiations, which take place behind closed doors. But disciplinary rules are not like salaries and benefits; they are there to protect the rights of others, and they don't belong on the bargaining table.

Prop. E could allow the Police Department to change disciplinary procedures for certain types of misconduct, such as violation of search and seizure laws, without going to the voters.

That's why we question the need for this charter amendment. During the entire three-year Charter Reform process, no one suggested changing the police discipline system. What is the compelling reason for watering down the voters' ability to control the police discipline system? Why should we place ourselves on this slippery slope?

The vast majority of San Francisco police officers are well-trained professionals who take their enormous responsibilities seriously. The rules are there to protect San Franciscans from the few who don't, and Prop. E appears to undermine the rules.

Vote No on Prop. E.

Gerard Koskovich

Police discipline reform activist

Dr. T.M. Knapp

Public administrator

Tony Travers

Gay/HIV activist

Jerry Windley

Member, Local 21, IFPTE

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway, No on Prop. E.

Five Reasons San Francisco's Fiscal Watchdogs

Urge you to vote NO on Prop. E

- **It takes away voters' rights.** For more than 50 years, the City Charter has required that San Francisco voters approve retirement benefits increases for city workers. It is one of very few direct controls S.F. voters have over the cost of city government, and Prop. E eliminates it — without giving voters anything in return.
- **It will cost \$50 million per year.** Prop. E could cost the city \$50 million per year, or more than \$1 billion over the next twenty years, according to the City Controller and the actuary for the retirement system.
- **It will drive up healthcare costs for city workers.** Currently, nearly all city workers are covered under a centralized, city-run health plan. But Prop. E will allow the City's 40 public employee unions to bargain for separate health benefits and set up individual "health trusts." Breaking the centralized system into dozens of smaller ones will hurt the City's buying power, reduce economies of scale and drive up costs.
- **It undermines a key City watchdog agency.** Prop. E will eliminate the Civil Service Commission, the watchdog agency which oversees the rules governing employment in city government, and fire the current commissioners.
- **It was written by lobbyists behind closed doors.** Prop. E was drafted by lawyers and lobbyists for the City's largest unions. It was rushed through the board in a process one supervisor called "legislative three-card monte" (San Francisco Chronicle, Wednesday, July 3).

San Francisco supports collective bargaining and fair benefits packages for city workers, but Prop. E is a giveaway. Vote No.

Hilda Bernstein

Forewoman

San Francisco Civil Grand Jury, 94-95

Ramona Albright

Secretary, Coalition for San Francisco Neighborhoods*

Sandy Tatum

Member

Municipal Fiscal Advisory Committee

Nate Ratner

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway, No on Prop. E.



Employment Benefits and Practices

PAID ARGUMENTS AGAINST PROPOSITION E

The Golden Gate Restaurant Association OPPOSES Proposition E. Proposition E has two major flaws.

First, the process of getting Prop E on the ballot was bad government at its worst. It was drafted by lobbyists for City employee unions with no input from other parties. The City Attorney was not given a chance for adequate review. Something as complicated as Prop E should have adequate public review *BEFORE* being placed on the ballot.

Second, Prop E is bad policy on its merits. San Francisco voters will lose their right to vote on retirement benefits for City employees. The potential costs of putting retirement benefits in the hands of City employee unions is staggering. Estimates run as high as \$100 million in additional costs per year. City officials will look to us, the taxpayers, to foot the bill. Higher taxes only drive businesses and jobs out of town.

Protect San Francisco's tax base. Vote **NO** on this boon for City employee unions.

Vote NO on Prop E

*Gianni Fassio, President
Paul Lazzareschi, Director
Kathleen Harrington, PAC Chair
Helen Hobbs, Public Affairs Chair*

Vote No on Prop. E

Prop. E asks voters to surrender their right to vote on pension and health benefits increases for city employees — yet it offers the citizens of San Francisco nothing in return. The City's own fiscal experts say the measure is likely to increase the cost of government by as much as \$50 million per year.

Prop. E was developed in private by a small group of lawyers and lobbyists and rushed through the Board of Supervisors with almost no opportunity for public review.

Prop. E is an unwise law created through an unfair process. Vote No.

James W. Haas

Anne Halsted

Harold M. Hoogasian, small business owner

Terry Micheau, Board Member, San Francisco Planning and Urban Research Assc.

Dick Morten

Migdalia Rosado, home owner and small business owner in San Francisco

Brook Turner, Executive Director, Coalition for Better Housing

The true source of funds used for the publication fee of this argument was San Franciscans to Stop the Giveaway — No on E.

